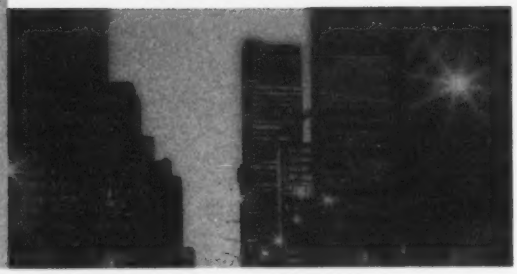
ENERGY WISE

MAKES BUSINESS SENSE

Building Initiatives Program

MAJOR CUSTOMERS



PARTICIPANT'S GUIDE

September 2008

This document is a translation, provided for information purposes only.
In all cases, the original French version shall prevail.

Hydro Québec

Fostering a Culture of Energy Efficiency

An energy efficiency culture affects all aspects of corporate life. Supported by an overall vision, it means more than just simply improving equipment or process efficiency. It means creating an environment in which new ways of working quickly become habit throughout the organization.

Ensuring success

A few conditions are essential to foster a culture of energy efficiency:

- The support of senior management and employees at all levels
- A vision – a results-driven, all-encompassing approach to energy efficiency
- A policy, program and action plan that cover all aspects of energy efficiency

For an energy efficiency culture to become firmly rooted, an energy committee is just as crucial as team support. In addition to measuring instruments installed in the appropriate places, a scorecard and performance indicators are needed to track change. Announcing results and rewarding good work also have a great effect on employees' participation and team spirit.

Hydro-Québec offers a number of services, including considerable financial assistance, to help its major customers make energy efficiency part of their corporate culture.

Notice

Under the terms of energy analysis or building optimization project agreements signed with customers, Hydro-Québec reserves the right to

- amend or terminate the Program at any time without notice;
- interpret Program terms and conditions;
- reject any proposal submitted by a customer or request changes to a proposal.

Hydro-Québec's sole obligation shall be to pay out the financial assistance provided for in an agreement reached with you. It is up to you to assume full responsibility for carrying out any energy analysis or building optimization project.

This version of the *Participant's Guide* contains an amendment to the financial assistance available under the energy analysis component (see Part A, section 3.1). Maximum financial assistance per service contract has been increased from $50,000 to $100,000. In order to come into effect, this amendment must be approved by the Régie de l'énergie. The energy analysis component also includes a new part relating to continuous measurement. The terms and conditions of financial assistance applicable to continuous measurement are also subject to the approval of the Régie de l'énergie.

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Program description

With a view to achieving the energy savings target set out in its Energy Efficiency Plan, Hydro-Québec is offering the Building Initiatives Program to customers who wish to reduce the electricity consumption of commercial or institutional buildings that they own or operate.

The program has two components:

- **Energy analysis** – Financial assistance is offered for an analysis covering all forms of energy used or for a continuous measurement project.
- **Building optimization** – Financial assistance is offered for projects to reduce the electricity consumption of new or existing buildings.

Since the financial assistance budget is limited, available funds will be allocated to eligible projects on a first-come, first-served basis.

Participating in the Program

This guide is intended for customers interested in putting together a proposal and carrying out a project under either component of the Building Initiatives Program – Major Customers. It is divided into two parts:

Part A – **Energy analysis component**

Part B – **Building optimization component**

Each part sets out the eligibility criteria, terms and conditions of projects and financial assistance, the participation process and the specific documents required for the component.

To submit a proposal under the Program, fill in the appropriate form and submit it to Hydro-Québec along with the supporting documents required.

Under our corporate directive on the *Charter of the French Language*, you must fill out the French version of the form. You can download the official French form, along with a courtesy translation, from **www.hydroquebec.com/majorcustomers/ee**.

There are several ways to obtain further information on the Program:

- Contact your commercial officer
- E-mail us at **programmes.ge@hydro.qc.ca**
- Visit **www.hydroquebec.com/majorcustomers/ee**
- Call **1 888 879-4809**

Part A Energy Analysis Component

1 Eligibility

1.1 Eligible customers

The Program is open to any corporation, partnership or organization that has at least one service contract at large-power rates and that has one or more commercial or institutional buildings in operation or under construction.

1.2 Eligible energy analyses

The aim of an energy analysis is to identify opportunities to improve the energy efficiency of a building. Hydro-Québec feels that establishing an energy committee is an excellent way for your company to gain an in-depth understanding of its electricity consumption. An analysis should

- make management and employees more aware of energy efficiency and encourage them to apply the recommended electricity management measures;
- set out a comprehensive vision of the building's energy efficiency;
- cover overall use of all forms of energy in the building;
- include a written report;
- include an implementation plan for the recommended measures (See Appendix IV for a sample plan; you can download the official French form, along with a courtesy translation, from **www.hydroquebec.com/majorcustomers/ee**).

When submitting your first application for financial assistance, you must do an overall audit of all forms of energy used in the building. Once you've done an overall energy audit, you can do other analyses of the electricity consumed by specific processes, systems or equipment, as long as you have not reached the financial assistance ceiling.

The aim is to identify electricity management opportunities that require investments and may be eligible for energy efficiency programs for major customers. In addition, energy analyses should identify measures that are cost-effective without financial assistance from Hydro-Québec, such as these:

- Measures with a payback period of under a year
- Housekeeping measures involving management, operations and maintenance, which require little or no capital investment

2 Conditions

Hydro-Québec

- reserves the right to turn down any proposal that fails to meet the Program criteria or when Program funds run out, and also reserves the right to amend or terminate the Program at any time without notice;
- reserves the right to review the energy analysis contract to ensure that deliverables are clearly defined within the framework of the Program;
- reserves the right to refuse to grant financial assistance if it cannot obtain reasonable assurances of your company's financial health and long-term operation;
- may refuse to grant financial assistance or to issue a payment when electricity bills or any other amounts are owing;
- may deduct from the financial assistance any amount owing, including any electricity bill, whether overdue or not, or any deposit required on a service contract you hold;
- shall not be held liable for damage or injury of any kind whatsoever arising from the Program;
- shall consult you prior to disseminating any information (other than that necessary to monitor the Program) that could adversely affect your competitive position.

You, the eligible customer, shall

- demonstrate your intention to implement the recommendations deemed appropriate based on the results of the analysis;
- respect the timetable for the energy analysis agreed upon with Hydro-Québec in order to receive financial assistance under the Program;
- not hire a third party to represent you in your dealings with Hydro-Québec. The financial assistance is strictly reserved for you, and you shall remain solely responsible for the results of the energy analysis, no matter what other parties may have been involved;
- inform Hydro-Québec of any other financial assistance received in connection with the analysis;
- periodically report to Hydro-Québec on progress made with the analysis. You shall also invite Hydro-Québec to meetings held as part of the energy analysis project;
- inform Hydro-Québec of the recommendations stemming from the energy analysis that have been implemented and the electricity savings achieved;
- agree to the disclosure of information related to the energy analysis: your name, cost of energy analysis, amounts of financial assistance, general description of electricity management measures recommended, anticipated electricity savings and, if applicable, the savings actually realized after implementation of the analysis recommendations.

An agreement between Hydro-Québec and you will confirm the definitive terms and conditions of the energy analysis to be performed.

3 Financial Assistance

Hydro-Québec will grant financial assistance for each energy analysis accepted, on the basis of the criteria described in this section.

Since the budget is limited, Hydro-Québec will allocate the financial assistance available at the time proposals are received on a first-come, first-served basis.

If an energy analysis is later turned down, the financial assistance allocated will be cancelled.

The terms and conditions of financial assistance will be set out in an agreement substantially similar to the standard agreement included in this guide as Appendix I-A.

3.1 Financial assistance

Financial assistance under the energy analysis component of the Program will be granted as follows:

- Up to 50% of the costs of the energy analysis, up to a maximum of $25,000 per analysis

You may receive financial assistance for several energy analyses, up to a maximum of $100,000[1] per service contract.

3.2 Requirements

Energy analyses must be performed within a set time. You must therefore provide an energy analysis report and electricity management measures implementation plan within 12 months of signing the agreement with Hydro-Québec. See Appendix IV for a sample implementation plan.

If you fail to fulfill this requirement, Hydro-Québec may terminate the financial assistance for the energy analysis and demand repayment of any financial assistance you have already received.

3.3 Eligible costs

The following costs of performing an energy analysis are eligible for financial assistance:

- Cost of outside experts
- Cost of in-house experts

1. The coming into effect of this amendment is conditional on approval of the Régie de l'énergie.

Ineligible costs

The following costs are not eligible:

- Losses caused by energy analysis activities
- Costs of engineering done prior to Hydro-Québec's receipt of the proposal
- Costs of leasing or purchasing equipment

3.4 Calculating financial assistance

To calculate the financial assistance for your energy analysis, complete Section 6 of the energy analysis proposal form [*Formulaire de proposition – Volet analyse énergétique des bâtiments*]. You can download the official French form, along with a courtesy translation, from **www.hydroquebec.com/majorcustomers/ee.**

Eligible costs are described in subsection 3.3.

3.5 Payment of financial assistance

Under the Program, financial assistance is paid out in two installments. The details of the terms and conditions of payment are set out in Section 4.

1. The first installment, amounting to 50% of the contractual financial assistance allocated, is to be paid out once the agreement has been signed.
2. The second installment, amounting to the balance of the financial assistance allocated, based on eligible costs of the analysis, is to be paid out on Hydro-Québec's acceptance of the energy analysis report and electricity management measures implementation plan.

To receive payment, you must submit an invoice for each installment.

Invoices shall include the usual applicable taxes. Payments by Hydro-Québec under the Program are subject to the goods and services tax (GST) and Québec sales tax (QST), unless you do not do business as defined within those tax systems.

Invoices must include the following information:

- Supplier's business name (organization receiving financial assistance)
- Invoice date
- Total amount of goods or services supplied (amount of financial assistance installment)
- GST and QST registration numbers
- Amounts of GST and QST, shown separately
- Name of purchaser (Hydro-Québec)
- Description of goods or services supplied (object of transaction)

3.6 Other financial contributions

In your proposal, you must identify the amounts and sources of any and all financial assistance obtained or applied for.

You are not required to make a minimum financial contribution. However, total contributions, or the total financial assistance received, must not exceed the costs of the energy analysis.

4 Program Process

There are six steps in the **energy analysis component** process:

Step 1 – Proposal

Step 2 – Agreement

Step 3 – First installment of financial assistance

Step 4 – Energy analysis

Step 5 – Energy analysis report and implementation plan

Step 6 – Second installment of financial assistance

4.1 Step 1 – Proposal

To submit a proposal that meets Program requirements, you must do the following:

- Fill in the energy analysis proposal form [*Formulaire de proposition – Volet analyse énergétique des bâtiments*]

  Under our corporate directive on the *Charter of the French Language*, **you must fill out the French version of the form.** You can download the official French form, along with a courtesy translation, from **www.hydroquebec.com/majorcustomers/ee.**
- Submit the consultant's bid or the action plan, if drawn up by in-house staff

The bid or action plan must contain the following information:

1. Description of work to be done
   - Objectives and scope of analysis; process for carrying it out
2. Personnel involved
   - In-house staff and/or outside consultants; titles, roles and responsibilities (see Detailed Timesheet for In-House Staff, **www.hydroquebec.com/majorcustomers/ee**)
3. List of deliverables
   - Brief description of content
4. Costs of analysis
   - Activities; number of hours and hourly rates of labor, both in-house and outside; any other costs (see Detailed Timesheet for In-House Staff, **www.hydroquebec.com/majorcustomers/ee**)
5. Timetables
   - Main stages, personnel involved, number of hours, timetables

Engineering costs incurred prior to Hydro-Québec's receipt of the proposal are not eligible for financial assistance.

You may ask Hydro-Québec for further explanations to help you prepare your proposal.

Submitting a proposal

The proposal form and accompanying documents must be delivered to the address below:

Building Initiatives Program – Major Customers
Services techniques
Direction – Grandes entreprises
Hydro-Québec
18e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Hydro-Québec confirms receipt

Hydro-Québec will confirm receipt of the proposal and the availability of financial assistance in writing, and at the same time, inform you of the name of the engineer in charge of reviewing the proposal.

You may then contact the designated Hydro-Québec engineer to discuss any matters related to your energy analysis.

Hydro-Québec reviews proposal

Hydro-Québec then reviews your proposal.

At this stage, Hydro-Québec checks the following aspects:

1. Eligibility of energy analysis, costs and timetable
2. Validity of deliverables
3. Relevance of points to be covered in analysis report

Hydro-Québec may ask for further details and may turn down an incomplete proposal.

Hydro-Québec confirms acceptance or rejection of energy analysis

You will be notified of the acceptance or rejection of your proposal within about four weeks of submission to Hydro-Québec.

4.2 Step 2 – Agreement

If the energy analysis is accepted, you must sign an agreement with Hydro-Québec setting out the costs of the energy analysis, the amount of financial assistance granted, a description of the energy analysis and the deliverables. See Appendix I-A for a standard energy analysis agreement.

4.3 Step 3 – First installment of financial assistance

The first installment, amounting to 50% of the contractual financial assistance allocated to the energy analysis, is to be paid out once the agreement has been signed.

To receive payment, you must issue an invoice for 50% of the contractual financial assistance allocated, as stipulated in subsection 3.5.

Hydro-Québec will issue payment within 45 days of receiving the invoice.

4.4 Step 4 – Energy analysis

You must perform the energy analysis as stated in the agreement. You must keep Hydro-Québec informed of progress and of meetings to be held with the analysis coordinator so that the Hydro-Québec engineer can attend.

You must give the Hydro-Québec engineer designated to monitor the analysis reasonable notice of meetings during the main stages and of presentation of the final report.

4.5 Step 5 – Energy analysis report and implementation plan

You must carry out the energy analysis and, within 12 months of signing the agreement, submit the following documents to Hydro-Québec:

- Energy analysis report (hard copy and electronic file on CD)
- Electricity management measures implementation plan, including timetable and anticipated energy savings
- Copies of invoices for eligible costs and the completed Detailed Timesheet for In-House Staff (see **www.hydroquebec.com/majorcustomers/ee**)

If you fail to provide the required documents within the specified time limits, Hydro-Québec may cancel the financial assistance and require repayment of any financial assistance you have already received.

4.6 Step 6 – Second installment of financial assistance

The second and final installment, amounting to the balance of the financial assistance allocated, is to be paid out once Hydro-Québec has checked the energy analysis invoices and cost memos and accepted the final report and implementation plan.

Based on the actual cost of the analysis, Hydro-Québec will inform you in writing of the balance of financial assistance to which you are entitled. To receive payment, you must issue an invoice for the amount stipulated by Hydro-Québec as set out in subsection 3.5.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

Part A-1 ■ *Continuous Measurement*

1 Eligibility

An energy analysis, particularly when performed by an energy committee, is an effective way to foster a corporate culture of energy efficiency.

To complement its offering under the energy analysis component, Hydro-Québec would like to help you manage your facility's electricity consumption efficiently by enabling real-time measurement of your main processes. Hydro-Québec suggests setting up a continuous measurement project to monitor building electricity consumption on a regular basis. The goal is to better determine just how much power you use and identify opportunities for improvement and action priorities that will lead to new energy efficiency projects. But to be effective, the monitoring of power consumption has to be embedded in the corporate culture and be a joint effort of both staff and management.

To be eligible for financial assistance for a continuous measurement project under the energy analysis component, you need to monitor your electricity consumption regularly, have an energy committee and define performance indicators that are tracked by means of a scorecard distributed throughout the company.

1.1 Eligible customers

The Program is open to any corporation, partnership or organization that has at least one service contract at large-power rates and has one or more commercial or institutional buildings in operation or under construction.

1.2 Eligible continuous measurement projects

For your continuous measurement project to be eligible for financial assistance, you must

- provide Hydro-Québec with a report on current electricity consumption in your entire building, specifying whether consumption was estimated or measured and describing any measuring instruments already in place;
- define electrical indicators (for example, kilowatthours/tonne) for each of the main processes;
- determine measurement points that will cover the electricity consumption of the entire building;
- set an electricity savings objective for each electrical indicator;
- present electrical indicators monitored on a scorecard;
- distribute the scorecard to management and employees regularly and forward it to Hydro-Québec;

- set up an energy committee that
  - meets at least three times a year;
  - submits minutes of all meetings to Hydro-Québec;
  - invites the Hydro-Québec engineer to attend at least one committee meeting per year;
  - issues an annual report consisting of at least these sections:
    - reassessment of objectives for each indicator;
    - report on measures implemented in the past year;
    - energy-saving measures implementation plan for the next year;
    - monthly monitoring of electricity consumption for the year.

1.3 Eligible costs

The following costs of carrying out a continuous measurement project are eligible for financial assistance:

- Installation of measuring instruments by in-house and outside specialists
- Purchase of measuring instruments needed to monitor electrical indicators

Ineligible costs

The following costs are not eligible:

- Purchase of measuring instruments installed for the purpose of load shedding or off-peak heating
- Purchase of measuring instruments installed to break down your electricity bill
- Production losses, waste or other losses caused by project activities
- Costs of equipment purchased from affiliates, divisions or plants of your own company
- Costs of engineering done prior to Hydro-Québec's receipt of the proposal
- Labor costs incurred prior to Hydro-Québec's receipt of the proposal and the costs of equipment for which purchase orders were issued prior to that date are not eligible for financial assistance.

2 Conditions and Undertakings

Hydro-Québec

- reserves the right to turn down any proposal that fails to meet the Program criteria or when Program funds run out, and also reserves the right to amend or terminate the Program at any time without notice;
- reserves the right to refuse to grant financial assistance if it cannot obtain reasonable assurances of your company's financial health and long-term operation;
- may refuse to grant financial assistance or to issue a payment when electricity bills or any other accounts are owing;
- may deduct from the financial assistance any amount owing, including any electricity bill, whether overdue or not, or any deposit required on a service contract you hold;
- shall not be held liable for damage or injury of any kind whatsoever arising from the Program;
- shall consult you prior to disseminating any information (other than that necessary to monitor the Program) that could adversely affect your competitive position.

You, the customer, shall

- not hire a third party to represent you in your dealings with Hydro-Québec. The financial assistance is strictly reserved for you, and you shall remain solely responsible for the results of the project, no matter what other parties may have been involved;
- inform Hydro-Québec of any other financial assistance received for the project;
- periodically report to Hydro-Québec on progress made with the project;
- invite the Hydro-Québec engineer to attend at least one meeting of the energy committee per year, at the engineer's convenience;
- inform Hydro-Québec of the recommendations stemming from monitoring of electricity consumption performed and the electricity savings achieved;
- allow the disclosure of information related to the project: your company name, project costs, amount of financial assistance, associated electricity management measures and any electricity savings actually realized as a result of those measures;
- comply with all the requirements set out in this guide, including meeting the deadline for carrying out the project and supplying all deliverables, reports and information on time:
  - provide copies of purchase orders within 4 months of the signing of the agreement;
  - carry out the project within 24 months, including a 12-month measurement period.

An agreement between Hydro-Québec and you will confirm the definitive terms and conditions of the project.

If you fail to fulfill these requirements, Hydro-Québec may terminate the agreement and demand repayment of any financial assistance you have already received.

3 Financial Assistance

Hydro-Québec will grant financial assistance for each continuous measurement project accepted, on the basis of the criteria described in this section.

Since the budget is limited, Hydro-Québec will allocate the financial assistance available at the time proposals are received on a first-come, first-served basis.

If a project is later turned down, the financial assistance allocated will be cancelled.

The terms and conditions of the financial assistance are set out in an agreement.

3.1 Financial assistance granted

For a continuous measurement project, Hydro-Québec will grant financial assistance for the purchase and installation of measuring instruments. This assistance is limited to the lower of the following amounts:

- 50% of eligible project costs
- $75,000 per project

You may receive financial assistance for several projects, up to a combined maximum of $75,000 per electricity service contract.

3.2 Calculating financial assistance

You can calculate your financial assistance by referring to Section 6 of the proposal form for a continuous measurement project that came with this guide.

Eligible costs are described in subsection 1.3 above.

3.3 Payment of financial assistance

Under the Program, financial assistance is paid out in two installments, as detailed in Section 4.

1. The first installment, amounting to 50% of the contractual financial assistance allocated, is to be paid out once the agreement has been signed.
2. A second installment, corresponding to the balance of the financial assistance, is to be paid out after a year of continuous measurement.

To receive payment, you must submit an invoice for each installment. Invoices shall include the usual applicable taxes. Payments by Hydro-Québec under the Program are subject to the goods and services tax (GST) and Québec sales tax (QST), unless your organization is not required by law to collect those taxes.

Invoices must contain the following information:

- Supplier's business name (organization receiving financial assistance)
- Invoice date
- Total amount of goods or services supplied (amount of financial assistance installment)
- GST and QST registration numbers
- Amounts of GST and QST, shown separately
- Name of purchaser (Hydro-Québec)
- Description of goods or services supplied (object of transaction).

3.4 Other financial contributions

In your proposal, you must identify any and all financial assistance obtained or applied for, specifying which amounts come from which sources.

You are not required to make a minimum financial contribution. However, total contributions, or total financial assistance received, shall not exceed the costs of the continuous measurement project.

4 Continuous Measurement Project Process

There are six steps in a continuous measurement project:

Step 1 – Proposal

Step 2 – Agreement

Step 3 – First installment of financial assistance

Step 4 – Measuring instrument start-up and electrical indicator monitoring

Step 5 – Continuous measurement for a year

Step 6 – Second installment of financial assistance

4.1 Step 1 – Proposal

To submit a proposal that meets Program requirements, you must complete these steps:

- Fill in the continuous measurement project proposal form [*Formulaire de proposition pour un projet de mesurage en continu*].The form can be downloaded from **www.hydroquebec.com/majorcustomers/ee**.
- Provide the detailed cost breakdown of bids received for equipment purchase and installation (see sample in Appendix III); the French Excel file required, along with a courtesy translation, can be downloaded from **www.hydroquebec.com/majorcustomers/ee**.
- Provide the following information, which must be submitted with the proposal form (see Section 7 of proposal form):
  - Report on current electricity use, showing whether use was estimated or metered and describing measuring instruments already in place
  - Description of measurement points that will cover electricity use of entire building
  - Description of measuring instruments
  - Description of electrical indicators
  - Model scorecard for monitoring electrical indicators
  - Project timetable
  - List of energy committee members
  - Planned dates of energy committee meetings, if known

Your proposal will not be considered unless you provide all the required documents in the stipulated format.

You must ensure the accuracy of the estimated project costs and timetable. To do so, you must obtain bids for the purchase and installation of equipment. Eligible costs are described in subsection 1.3.

Engineering costs incurred prior to Hydro-Québec's receipt of the proposal and the costs of equipment for which purchase orders were issued prior to that date will not be considered in the calculation of financial assistance.

You may ask Hydro-Québec for further explanations to help in preparing your proposal.

Submitting a proposal

The proposal form and accompanying documents must be delivered to the address below:

Continuous Measurement
Building Initiatives Program – Major Customers
Services techniques
Direction – Grandes entreprises
Hydro-Québec
18e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Hydro-Québec confirms receipt

Hydro-Québec will send you written confirmation of receipt of your proposal and availability of financial assistance, and, at the same time, provide the name of the engineer in charge of reviewing your proposal.

You may then contact the designated Hydro-Québec engineer to discuss any matters related to your project.

Hydro-Québec reviews proposal

Hydro-Québec then reviews your proposal. At this stage, Hydro-Québec checks the following:

- Eligibility of project and costs
- Validity of electrical indicators
- Appropriateness of measurement points

Hydro-Québec may ask for further details and may turn down an incomplete proposal.

Hydro-Québec confirms acceptance or rejection of proposal

You will be notified of the acceptance or rejection of your proposal within about six weeks of submission to Hydro-Québec.

4.2 Step 2 – Agreement

If your project is accepted, you must sign an agreement with Hydro-Québec setting out the project costs, the amount of financial assistance granted and a description of the project.

You must order the equipment for the project and send a copy of the purchase orders to Hydro-Québec within four months of the signing of the agreement.

Your energy committee must be established before the agreement is signed.

If you fail to provide copies of the purchase orders for the project within four months, Hydro-Québec may refuse to grant financial assistance to the project.

4.3 Step 3 – First installment of financial assistance

The first installment, amounting to 50% of the contractual financial assistance allocated to the project, is to be paid out once Hydro-Québec has checked all the purchase orders and the cost breakdown. To receive payment, you must issue an invoice for 50% of the financial assistance granted, as stipulated in subsection 3.3.

The installment will be paid out within 45 days of receipt of your invoice and required documents.

4.4 Step 4 – Measuring instrument start-up and electrical indicator monitoring

You must periodically report on progress to the Hydro-Québec engineer assigned to your project.

The Hydro-Québec engineer may visit your facility at any time during regular business hours to ensure that the project is being carried out as stipulated in the agreement and the Program.

You must submit the following to Hydro-Québec:

- Equipment start-up report
- Copies of invoices and cost memos
- Cost breakdown (Excel file)
  www.hydroquebec.com/majorcustomers/ee

Three months after equipment start-up,

- the energy committee must have met at least once;
- you must notify Hydro-Québec of upcoming energy committee meetings and invite the Hydro-Québec engineer to attend at least one committee meeting per year;
- you must provide the distribution list and planned distribution frequency for the scorecard;
- you must have sent the scorecard to the distribution list at least once.

4.5 Step 5 – Continuous measurement for a year

You must perform continuous measurement for at least 12 months. During that time, you must

- regularly forward the updated scorecard distributed within your company to Hydro-Québec;
- hold at least three energy committee meetings;
- forward the minutes of all energy committee meetings to Hydro-Québec;
- ensure that the Hydro-Québec engineer has attended at least one meeting of the energy committee.

4.6 Step 6 – Second installment of financial assistance

A second installment, corresponding to 50% of the financial assistance allocated to the project, is to be paid once you have delivered all the deliverables, reports and information required at steps 4 and 5, and Hydro-Québec has checked the energy committee's annual report, the cost breakdown, and the copies of invoices and cost memos.

The energy committee's annual report must consist of at least the sections listed below:

- Reassessment of objectives for each indicator
- Description of measures implemented in the past year
- Energy management measures implementation plan for the next year
- Monthly monitoring of electricity consumption for the year

To receive payment, you must issue an invoice for 50% of the financial assistance granted, as stipulated in subsection 3.1.

Deliverables – Continuous Measurement Projects

Step	Time limit	Description	Your deliverables
1 **Proposal**		**You** ■ Determine - measurement points - electrical indicators ■ If there is already an energy committee, provide - list of members - meeting dates ■ Get bids for measuring instruments ■ Prepare a continuous measurement project proposal for Hydro-Québec, including all documents required **Hydro-Québec** ■ Provides written confirmation of receipt of proposal and availability of financial assistance ■ Reviews proposal ■ Accepts or refuses continuous measurement project proposal	■ Proposal form ■ Cost breakdown
2 **Agreement**	Order equipment **4 months**	**You** ■ Ensure that energy committee has been set up ■ Sign agreement with Hydro-Québec ■ Order measuring instruments for project	■ Signed agreement
3 **First installment of financial assistance (50%)**	**45 days**	**Hydro-Québec** ■ Pays out Installment 1 of financial assistance: 50% of contractual amount allocated to project	■ Copies of purchase orders ■ Cost breakdown ■ Invoice for Installment 1
4 **Start up measuring instruments and monitor electrical indicators**		**You** ■ Start up measuring instruments ■ Three months after equipment start-up: - Ensure that energy committee has met at least once - Inform Hydro-Québec of upcoming energy committee meetings	■ Start-up report ■ Distribution list and planned distribution frequency for scorecard ■ Copy of first scorecard ■ Copies of invoices and cost memos ■ Updated cost breakdown
5 **Continuous measurement for a year**	**24 months** after signing of agreement	**You** ■ Perform continuous measurement for 12 months ■ Hold at least three energy committee meetings within the year **Hydro-Québec** ■ Attends at least one energy committee meeting	■ Copies of updated scorecard distributed within company ■ Minutes of energy committee meetings
6 **Second installment of financial assistance (50%)**	**45 days**	**Hydro-Québec** ■ Examines all information and documents provided at steps 4, 5 and 6 ■ Pays out Installment 2 of financial assistance: 50% of contractual amount allocated to project	■ Final copies of invoices and cost memos ■ Final cost breakdown ■ Annual report of energy committee ■ Invoice for Installment 2

Part B Building Optimization Component

1.1 Eligible customers

The Program is open to any corporation, partnership or organization that has at least one service contract at large-power rates and that has one or more commercial or institutional buildings in operation or under construction.

1.2 Eligible projects

The building optimization component does not prescribe any particular electricity management measures. Rather, it supports the implementation of electricity management projects proposed by customers. These are reviewed and those that meet Program requirements are allocated financial assistance.

An essential condition of financial assistance is the measurement of electricity consumption **before** and **after** the project, demonstrating the electricity savings achieved.

An eligible project consists of a series of measurable or calculable electricity management measures that are to be implemented on one or more pieces of equipment, at a specified cost and within a specified period. It must cover all equipment

- that is modified by electricity management measures;
- whose electricity consumption is increased or decreased by the measures;
- whose electricity consumption can be measured or calculated separately.

Financial assistance will be granted under the Program for measures that have a minimum lifespan of 10 years.

Financial assistance for projects involving lighting will be determined on the basis of products Hydro-Québec deems eligible.

Existing buildings

In the case of existing buildings, projects submitted must fall into one of these categories:

1. Energy optimization
2. Ultra-efficiency

1. Energy optimization projects involve

   - replacing equipment with more energy-efficient electric models in order to save electricity;
   - installing new equipment to reduce the building's electricity consumption;
   - improving the thermal shell of an existing building;
   - implementing alternative technologies, such as solar walls or geothermal systems.

2. Ultra-efficiency projects involve

   - replacing equipment for maintenance reasons with equipment that exceeds Hydro-Québec's benchmark energy efficiency requirements;
   - installing new equipment that exceeds Hydro-Québec's benchmark energy efficiency requirements.

New buildings

In the case of new buildings, projects involve

- selecting equipment that exceeds Hydro-Québec's benchmark energy efficiency requirements;
- selecting a thermal shell that exceeds Hydro-Québec's benchmark energy efficiency requirements;
- implementing alternative technologies that exceed Hydro-Québec's benchmark energy efficiency requirements.

Hydro-Québec's recognized benchmark requirements are described in subsection 1.3.

Ineligible projects

The following projects, whether they concern new or existing buildings, are not eligible:

- Replacing an energy source with fossil fuels
- Power generation or cogeneration projects
- Projects requiring no capital investment
- Projects required for compliance with Québec or Canadian laws, regulations or standards
- Projects that may have a negative impact on health, safety or the environment
- Projects involving the use of equipment less efficient than the industry standard or generally recognized standards

1.3 Benchmarks recognized by Hydro-Québec

For ultra-efficiency projects or new buildings, Hydro-Québec recognizes and relies on the most stringent of the following benchmarks in calculating eligible electricity savings:

- Minimum energy efficiency required by the federal *Energy Efficiency Regulations* for equipment subject to the Regulations in effect at the time the project proposal is received (See **www.oee.nrcan.gc.ca/regulations/guide.cfm**)
- Benchmark consumption established by Hydro-Québec, based on the requirements of the *Model National Energy Code for Buildings* (MNECB)
- ASHRAE 90.1 – 2004 standard respecting minimum requirements for the energy-efficient design of buildings (**www.ashrae.org**)

1.4 Eligible electricity savings

Existing buildings

1. For building optimization projects, eligible electricity savings are assessed on the basis of measurable or calculable electricity savings.

2. In the case of ultra-efficiency projects, eligible electricity savings are assessed on the basis of the difference between the electricity consumption of ultra-efficient equipment selected and that of equipment that respects the benchmark recognized by Hydro-Québec.

New buildings

For new buildings, eligible electricity savings are assessed on the basis of the difference between the electricity consumption of the ultra-efficient equipment installed and that of equipment that respects the benchmark recognized by Hydro-Québec.

1.5 Eligible costs

Existing buildings

1. The following costs of a building optimization project are eligible for financial assistance:

   - Purchase of project equipment
   - Purchase of measuring instruments
   - Installation and start-up of equipment done by outside consultants
   - Measurements taken by outside consultants **before** and **after** the project is carried out
   - Engineering costs
   - Costs of obtaining a recycling certificate for fluorescent lamps containing mercury, in the case of a lighting replacement project
   - Engineering costs related to calls for tenders or bids on projects, incurred up to 12 months prior to Hydro-Québec's receipt of the proposal

2. The following costs of an ultra-efficiency project are eligible for financial assistance:

   - Purchase of measuring instruments
   - Measurement by outside consultants **before** and **after** the project is carried out
   - Purchase cost differential between ultra-efficient equipment and that of equipment that respects the benchmark recognized by Hydro-Québec
   - Additional costs of installation and start-up of ultra-efficient equipment by outside consultants, in comparison with costs of installation and start-up of equipment that respects the benchmark recognized by Hydro-Québec
   - Costs of additional engineering by outside consultants needed to set up ultra-efficient equipment, in comparison with installation of equipment that respects the benchmark recognized by Hydro-Québec
   - Costs of additional engineering with respect to the call for tenders or bids for the ultra-efficiency project, incurred up to 12 months prior to Hydro-Québec's receipt of the proposal

New buildings

For new buildings, the following costs are eligible:

- Purchase cost differential between ultra-efficient equipment and that of equipment that respects the benchmark recognized by Hydro-Québec
- Additional costs of installation and start-up of ultra-efficient equipment by outside consultants, in comparison with costs of installation and start-up of equipment that respects the benchmark recognized by Hydro-Québec

- Costs of additional engineering by outside consultants needed to set up ultra-efficient equipment, in comparison with installation of equipment that respects the benchmark recognized by Hydro-Québec

- Costs of additional engineering with respect to the call for tenders or bids for the ultra-efficiency project, incurred up to 12 months prior to Hydro-Québec's receipt of the proposal

In-house labor costs are eligible, provided that you submit to Hydro-Québec a report generated by your accounting system showing a breakdown of actual in-house labor costs by trade.

Hydro-Québec reserves the right to exclude costs that it deems excessive.

Ineligible costs

The following costs are not eligible, whether incurred for a new or existing building:

- Losses caused by implementation of the electricity management measures, and operating, repair and maintenance costs

- Costs of equipment purchased from affiliates, divisions or buildings of your own company are ineligible; only transfer charges are eligible

Engineering costs, other than those related to tenders for the project, incurred prior to Hydro-Québec's receipt of the proposal and the costs of purchasing equipment for which purchase orders were issued prior to that date are not eligible for financial assistance.

2 Conditions

Hydro-Québec

- reserves the right to turn down any proposal that fails to meet the Program criteria or when Program funds run out, and also reserves the right to amend or terminate the Program at any time without notice;
- reserves the right to refuse to grant financial assistance if it cannot obtain reasonable assurances of your company's financial health and long-term operation;
- may refuse to grant financial assistance or to issue a payment when electricity bills or any other amounts are owing;
- may deduct from the financial assistance any amount owing, including any electricity bill, whether overdue or not, or any deposit required on a service contract you hold;
- shall not be held liable for damage or injury of any kind whatsoever arising from the Program;
- shall consult you prior to disseminating any information (other than that necessary to monitor the Program) that could adversely affect your competitive position.

You, the eligible customer, shall

- be responsible for selecting the electricity management measures and assessing the electricity savings objectives and costs, and for the electricity savings actually achieved. You shall demonstrate that the electricity savings have been achieved by calculating and/or measuring consumption in accordance with Program requirements;
- respect the timetable for carrying out the building optimization project agreed upon with Hydro-Québec in order to receive financial assistance under the Program;
- not hire a third party to represent you in your dealings with Hydro-Québec. The financial assistance is strictly reserved for you, and you shall remain solely responsible for the results of the project, no matter what other parties may have been involved;
- inform Hydro-Québec of any other financial assistance received in connection with the project;
- periodically report to Hydro-Québec on progress made with the project. You shall also allow Hydro-Québec to check equipment installation, start-up and performing "**before**" and "**after**" measurements during regular business hours;
- agree to the disclosure of information related to the building optimization project: your name, project cost, amounts of financial assistance, electricity management measures and their field of application, as well as the electricity savings actually realized.

An agreement between Hydro-Québec and you will confirm the definitive terms and conditions of the building optimization project.

3 Financial Assistance

Hydro-Québec will grant financial assistance for each project accepted, on the basis of the criteria described in this section.

Since the budget is limited, Hydro-Québec will allocate the financial assistance available at the time proposals are received on a first-come, first-served basis.

If a project is later turned down, the financial assistance allocated will be cancelled.

The terms and conditions of financial assistance will be set out in an agreement substantially similar to the standard agreement included in this guide as Appendix II.

3.1 Financial assistance

The aim of the Program's financial assistance is to reduce the project payback period to three years. Nonetheless, financial assistance is limited to the lowest of the following amounts:

1. Amount needed to reduce the payback period to three years (based on electricity savings only)
2. 75% of eligible project costs
3. 15¢ per kilowatthour saved in the first full year of operation
4. $350,000 per project

Financial assistance for projects involving lighting will be determined on the basis of products Hydro-Québec deems eligible.

3.2 Requirements

The electricity savings objectives must be achieved within a set time. You must therefore

- order equipment and provide purchase orders within 4 months of signing the agreement with Hydro-Québec;
- complete the project, including measurements, within 18 months of signing the agreement with Hydro-Québec.

If you fail to fulfill these requirements, Hydro-Québec may terminate the financial assistance for the project and demand repayment of any financial assistance you have already received.

3.3 Calculating financial assistance

To calculate the financial assistance for your project, complete Section 9 of the project proposal form [*Formulaire de proposition – Volet optimisation énergétique des bâtiments*]. You can download the official French form, along with a courtesy translation, from **www.hydroquebec.com/majorcustomers/ee**.

Eligible costs are described in subsection 1.5.

The cost of electricity to be used in calculating financial assistance is the mean annual cost based on Rate L and your electricity bill for the preceding year.

The payback period is calculated by dividing the total eligible costs of the project by the electricity savings.

The financial assistance required to reduce the payback period to three years is the difference between the total eligible costs of the project and the amount of electricity savings for a full year, multiplied by three. Financial assistance is limited, however, to the lowest of the four amounts listed in subsection 3.1.

3.4 Your minimum contribution

In your proposal, you must identify the amounts and sources of any and all financial assistance obtained or applied for. You must assume at least 25% of the eligible costs of the project, taking into account all financial assistance from other sources.

3.5 Payment of financial assistance

Under the Program, financial assistance—for a project that is completed on time and within budget and meets its electricity savings objectives—is paid out in three installments. The details of the terms and conditions of payment are set out in Section 4.

1. The first installment, amounting to 25% of the contractual financial assistance allocated, is to be paid out at the start of the project.
2. The second installment, amounting to 50% of the total financial assistance allocated, is to be paid out following equipment start-up.
3. The third and final installment, amounting to the balance of the total financial assistance allocated, based on project results, is to be paid out on completion of the project.

To receive payment, you must submit an invoice for each installment.

Invoices shall include the usual applicable taxes. Payments by Hydro-Québec under the Program are subject to the goods and services tax (GST) and Québec sales tax (QST), unless you do not do business as defined within those tax systems.

Invoices must include the following information:

- Supplier's business name (organization receiving financial assistance)
- Invoice date
- Total amount of goods or services supplied (amount of financial assistance installment)
- GST and QST registration numbers
- Amounts of GST and QST, shown separately
- Name of purchaser (Hydro-Québec)
- Description of goods or services supplied (object of transaction)

4 Program Process

The process of the **building optimization component** is shown in the flowchart on the next page. The eight steps in the process are listed below and explained in detail on the following pages.

Step 1 – Proposal

Step 2 – **"Before"** measurements

Step 3 – Agreement

Step 4 – First installment of financial assistance

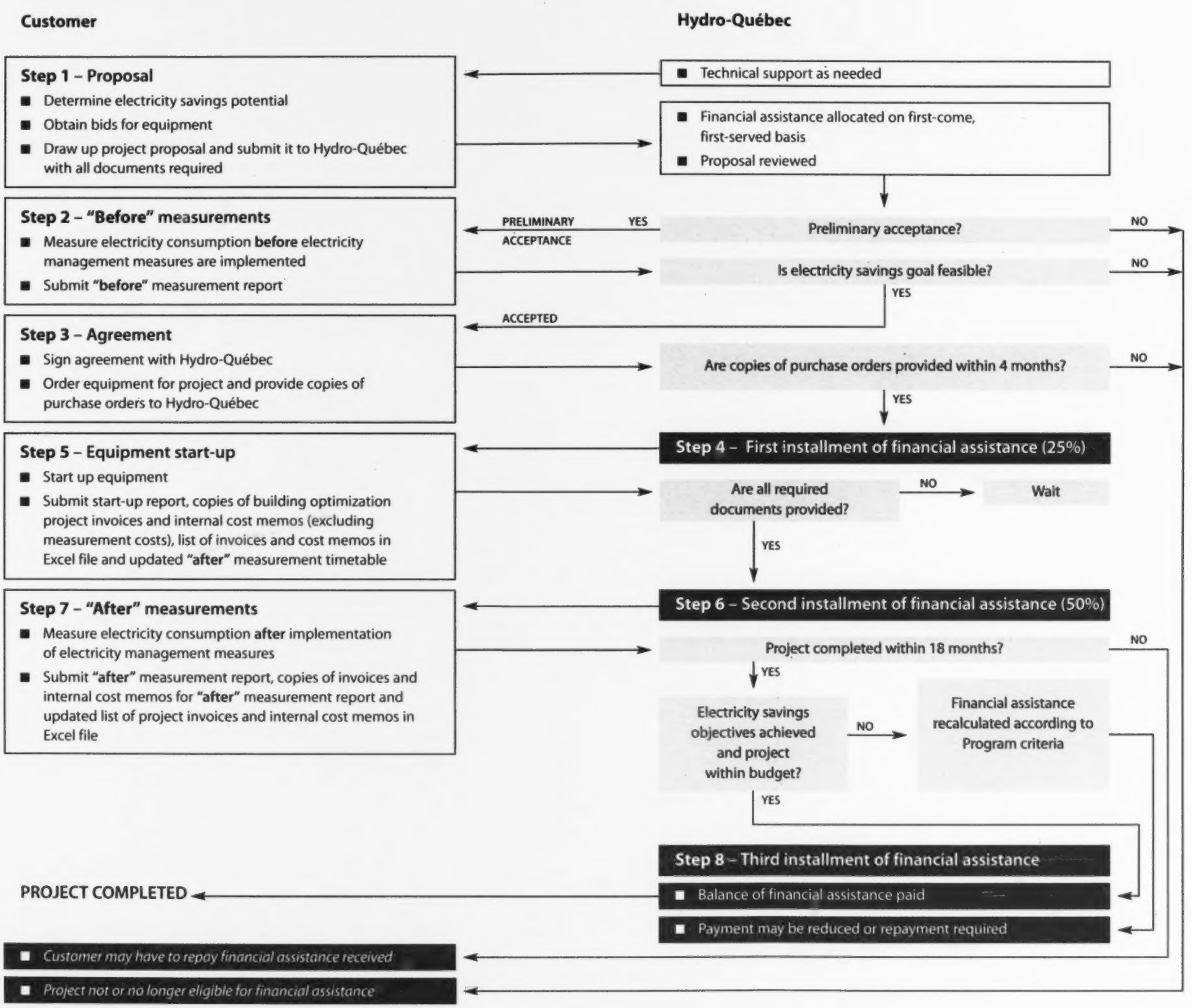
Step 5 – Equipment start-up

Step 6 – Second installment of financial assistance

Step 7 – **"After"** measurements

Step 8 – Third installment of financial assistance

Flowchart for Building Optimization Component


Customer
Hydro-Québec
Step 1 – Proposal
Determine electricity savings potential
Obtain bids for equipment
Draw up project proposal and submit it to Hydro-Québec with all documents required
Technical support as needed
Financial assistance allocated on first-come, first-served basis
Proposal reviewed
Step 2 – "Before" measurements
Measure electricity consumption before electricity management measures are implemented
Submit "before" measurement report
PRELIMINARY ACCEPTANCE
YES
Preliminary acceptance?
NO
Is electricity savings goal feasible?
NO
YES
ACCEPTED
Step 3 – Agreement
Sign agreement with Hydro-Québec
Order equipment for project and provide copies of purchase orders to Hydro-Québec
Are copies of purchase orders provided within 4 months?
NO
YES
Step 4 – First installment of financial assistance (25%)
Step 5 – Equipment start-up
Start up equipment
Submit start-up report, copies of building optimization project invoices and internal cost memos (excluding measurement costs), list of invoices and cost memos in Excel file and updated "after" measurement timetable
Are all required documents provided?
NO
Wait
YES
Step 6 – Second installment of financial assistance (50%)
Step 7 – "After" measurements
Measure electricity consumption after implementation of electricity management measures
Submit "after" measurement report, copies of invoices and internal cost memos for "after" measurement report and updated list of project invoices and internal cost memos in Excel file
Project completed within 18 months?
NO
YES
Electricity savings objectives achieved and project within budget?
NO
Financial assistance recalculated according to Program criteria
YES
Step 8 – Third installment of financial assistance
Balance of financial assistance paid
Payment may be reduced or repayment required
PROJECT COMPLETED
Customer may have to repay financial assistance received
Project not or no longer eligible for financial assistance

4.1 Step 1 – Proposal

In your proposal, you identify potential electricity management measures and evaluate opportunities for carrying out a building optimization project.

To submit a proposal that meets Program requirements, you must do the following:

- Fill in the building optimization project proposal form [*Formulaire de proposition – Volet optimisation énergétique des bâtiments*].

  Under our corporate directive on the *Charter of the French Language*, **you must fill out the French version of the form.** You can download the official French form, along with a courtesy translation, from **www.hydroquebec.com/majorcustomers/ee**.
- Submit the plan for calculating and measuring electricity consumption **before** and **after** implementation (see Section 5).
- Provide the cost breakdown of bids received for equipment purchase and installation and of in-house labor costs by trade (see sample in Appendix III); the French Excel file, along with a courtesy translation, can be downloaded from **www.hydroquebec.com/majorcustomers/ee.**
- Provide the documents that must accompany the proposal form, as described in Section 10 of the form. Your proposal will not be considered unless you provide all the required documents in the stipulated format.

You must ensure the accuracy of the estimated electricity savings, project costs and timetables. To do so, you must obtain bids for the purchase and installation of equipment. Eligible costs are described in subsection 1.5.

Engineering costs, other than those related to tenders for the project, incurred prior to Hydro-Québec's receipt of the proposal and the costs of equipment for which purchase orders were issued prior to that date are not eligible for financial assistance.

You may ask Hydro-Québec for further explanations to help you prepare your proposal.

Submitting a proposal

The proposal form and accompanying documents must be delivered to the address below:

Building Initiatives Program – Major Customers
Services techniques
Direction – Grandes entreprises
Hydro-Québec
18e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Hydro-Québec confirms receipt

Hydro-Québec will confirm receipt of the proposal and the availability of financial assistance in writing, and at the same time, inform you of the name of the engineer in charge of reviewing the proposal.

You may then contact the designated Hydro-Québec engineer to discuss any matters related to your project.

Hydro-Québec reviews proposal

Hydro-Québec then reviews your proposal as part of a preliminary screening process.

At this stage, Hydro-Québec checks the following aspects:

1. Eligibility of project, proposed electricity management measures and costs
2. Validity of methods of calculating and measuring electricity consumption
3. Feasibility of electricity savings objectives
4. Project timetable

Hydro-Québec may ask for further details and may turn down an incomplete proposal.

Hydro-Québec confirms acceptance or rejection of proposal

You will be notified of the preliminary acceptance or rejection of your proposal within about six weeks of submission to Hydro-Québec.

4.2 Step 2 – "Before" measurements

After Hydro-Québec's preliminary acceptance of the proposal, you must immediately measure the electricity consumption targeted by the project, if required, using the methods set out in the measurement plan submitted with the project proposal.

If the data supplied in the proposal are from measurements already taken or energy management data deemed valid by Hydro-Québec, you may be allowed to skip this step.

It is advisable to take preliminary "**before**" measurements and submit them to the Hydro-Québec engineer for comment **before** taking exhaustive measurements.

Once the measurements have been taken, you submit a report on "**before**" consumption, signed by a member of the Ordre des ingénieurs du Québec (OIQ), to Hydro-Québec within three months of the preliminary acceptance of the project. After reviewing the measurement report, Hydro-Québec will agree or refuse to grant financial assistance for the project.

If there are in-house labor costs, you must provide Hydro-Québec with the cost centre assigned to the project in your accounting system.

If a project proposal is rejected, the measurement costs are to be assumed solely by you.

4.3 Step 3 – Agreement

If the project is accepted, you must sign an agreement with Hydro-Québec setting out the electricity savings objectives, the project costs, the amount of financial assistance granted, a description of the project and an "after" measurement plan.

See Appendix II for a standard building optimization project agreement.

You must order the equipment for the project and send a copy of the purchase orders to Hydro-Québec within four months of the signing of the agreement.

If you fail to provide copies of the purchase orders for the project within four months, Hydro-Québec may refuse to grant financial assistance to the project.

4.4 Step 4 – First installment of financial assistance

The first installment, amounting to 25% of the contractual financial assistance allocated to the building optimization project, is to be paid out once Hydro-Québec has checked all the purchase orders and the cost breakdown.

To receive payment, you must issue an invoice for 25% of the financial assistance granted, as stipulated in subsection 3.5.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

4.5 Step 5 – Equipment start-up

You must periodically report on progress to the Hydro-Québec engineer in charge of monitoring your project.

The Hydro-Québec engineer may visit your facility at any time, during regular business hours, to ensure that the project is being carried out as required by the agreement and the Program.

You must submit the following documents to Hydro-Québec:

- Equipment start-up report
- Copies of invoices and internal cost memos for the project (excluding those for "**after**" measurements)
- Cost breakdown (Excel file)
- Updated "**after**" measurement timetable
- Report generated by your accounting system showing a breakdown of actual in-house labor costs by trade.

4.6 Step 6 – Second installment of financial assistance

The second installment, amounting to 50% of the financial assistance allocated to the project, is to be paid out once Hydro-Québec has checked the start-up report, cost breakdown, report of in-house labor costs, copies of invoices and cost memos, and the updated "**after**" measurement timetable. To receive payment, you must issue an invoice for 50% of the financial assistance granted, as stipulated in subsection 3.5.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

4.7 Step 7 – "After" measurements

If required, you must measure electricity consumption **after** implementation of the energy management measures, as set out in the measurement plan approved by Hydro-Québec.

It is advisable to take the measurements in two stages:

- A preliminary data series is obtained and submitted to the Hydro-Québec engineer for comment; you must adjust your measurement method in response to the opinion of the Hydro-Québec engineer
- Completion of all measurements

The Hydro-Québec engineer may be present during measuring and, if necessary, make sure that the method and instruments used, as well as the equipment whose electricity consumption is being measured and operating and load cycles, are consistent with those defined in your measurement plan.

Within 18 months of the signing of the agreement, you must provide Hydro-Québec with the following documents:

- "**After**" measurement report, signed by an OIQ member
- Copies of invoices and internal cost memos for "**after**" measurements
- Updated cost breakdown (Excel file)
- Report generated by your accounting system showing a breakdown of actual in-house labor costs by trade.

If you fail to provide the required documents within the specified time limits, Hydro-Québec may cancel the financial assistance granted and require repayment of any financial assistance you have already received.

4.8 Step 8 – Third installment of financial assistance

The third and final installment, amounting to the balance of the financial assistance allocated to the project, is to be paid out once Hydro-Québec has checked the "after" calculation and measurement report, as well as invoices and cost memos demonstrating that the electricity savings objectives have been achieved, within budget, and the report of in-house labor costs.

Based on the project results, Hydro-Québec will inform you in writing of the balance of financial assistance to which you are entitled. To receive payment, you must issue an invoice for the amount stipulated by Hydro-Québec as set out in subsection 3.5.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

Adjustment of financial assistance

If the electricity savings objectives are not achieved or the project goes over budget, the total financial assistance for the building optimization project is recalculated according to the Program criteria in order to determine the final payment of financial assistance or the amount you must repay.

However, the financial assistance paid out for the project shall never exceed the amount stipulated in the agreement, even if the electricity savings achieved exceed the objective or the project goes over budget.

If, in light of the project results, the payback period, as defined in subsection 3.3, is less than three years, the financial assistance shall be cancelled and you will have to repay any amount already received.

Deliverables – Building Optimization Component

Step	Time limit	Description	Your deliverables
1 Proposal		**You** ■ Assess achievable electricity savings ■ Obtain tenders for equipment ■ Prepare and submit project proposal to Hydro-Québec with all required documents **Hydro-Québec** ■ Confirms receipt of proposal and sets aside financial assistance ■ Goes through preliminary approval process	■ Building optimization project proposal form (in French) ■ Project measurement plan ■ Cost breakdown
2 "Before" measurements	**3 months**	**You** ■ Measure consumption **before** implementation of electricity management measures **Hydro-Québec** ■ Issues final approval of project	■ **"Before"** measurement report ■ In-house labor: cost centre assigned to the project in your accounting system
3 Agreement	Order equipment **4 months**	**You** ■ Sign agreement with Hydro-Québec ■ Order equipment for project	■ Signed agreement
4 First installment	**45 days**	**Hydro-Québec** ■ Pays out first installment of financial assistance, equal to 25% of contractual amount allocated to project	■ Copies of purchase orders ■ Updated cost breakdown ■ Invoice for first installment
5 Equipment start-up	Within **18 months** of signing agreement	**You** ■ Start up equipment	■ Start-up report ■ **"After"** measurement timetable, updated
6 Second installment		**Hydro-Québec** ■ Checks that all required documents have been provided and are in order ■ Pays out second installment of financial assistance, equal to 50% of amount allocated to project	■ Copies of invoices ■ Updated cost breakdown ■ Report generated by your accounting system showing a breakdown of actual in-house labor costs by trade ■ Invoice for second installment
7 "After" measurements		**You** ■ Measure consumption after implementation of electricity management measures	■ **"After"** measurement report
8 Third installment	**45 days**	**Hydro-Québec** ■ Examines measurement report and documents you have provided ■ Reviews total financial assistance and adjusts in light of results ■ Pays out third installment of financial assistance, equal to balance of amount allocated to project	■ Final copies of invoices ■ Final cost breakdown ■ Report generated by your accounting system showing a breakdown of actual in-house labor costs by trade ■ Invoice for third installment

5 Calculating and Measuring Electricity Savings

You are responsible for measuring electricity consumption **before** and **after** implementation of the initiative project.

Only building optimization projects that include a calculation and measurement plan meeting the Hydro-Québec requirements described in this section are eligible for the Program.

Calculation and measurement methods vary in precision and accuracy, depending on the project proposed. The choice of method is based on the following factors:

- Availability of data for assessing electricity savings
- Impact of variations in operational needs and climate on electricity consumption
- Cost-effectiveness of measurement method

To help you select satisfactory measurement methods, Hydro-Québec has developed guidelines based on the International Performance Measurement and Verification Protocol (IPMVP), used internationally to measure energy savings. Under these guidelines, measurement methods fall into three categories of increasing precision and accuracy. A table briefly describing the methods is given on the next page.

Type of measurement	Description	Typical applications
I – Calculation (no measurements)	Electricity savings are estimated based on engineering calculations and statistical methods using typical equipment specifications (data sheets, nameplate ratings, tables of recognized electricity savings, etc.) data on needs and hourly temperature or degree-day data.	High-efficiency motors, lighting, chillers and some types of control devices
II – Basic measurements	Electricity savings are estimated based on engineering calculations using typical equipment specifications (data sheets, nameplate ratings, tables of recognized electricity savings, system case studies, etc.) and generic operating data, supported by short-term measurements or by simple monitoring over a limited period of time.	Equipment or systems with short operating cycles
III – Complete measurements	Electricity savings are estimated based on detailed monitoring over a period providing a representative sample of operating profiles, and in some instances, on an analysis of plant production profiles over an extended period of time.	Equipment, systems or processes with major variations in load and with long operating cycles

A combination calculation and measurement approach may be used, depending on the constraints. For example, for a new building, electricity consumption **before** the work is done may be assessed on the basis of engineering calculations (Type I – Basic measurements) and the electricity consumption **after** the work is done may be assessed on the basis of engineering calculations and some measurements over a short period of time (Type II – Complete measurements).

5.1 Selection of measurement method

It is up to you to select a measurement method, based on the Hydro-Québec requirements described in this section. You are also responsible for the validity of calculations and measurements. You must provide Hydro-Québec with copies of any references used for calculations and copies of any and all measurement data.

Your chosen calculation and measurement approach must be set out in a calculation and measurement plan that meets Hydro-Québec requirements (see subsection 5.2).

Examples

Here are four calculation and measurement examples:

- Replacing lighting systems with several sources of supply, which makes the measurement costs too high. Provide calculations, including the number of lamps to be replaced, cross-effects, data sheets for systems, usage schedules and lighting levels, for each application.
- Adding a variable speed drive to a chiller. Provide calculations based on hourly temperature bin data or degree-day data and the building's consumption patterns to represent operational load and duration.
- Optimizing set points and operating schedules by means of a digital controller. Provide calculations based on operating schedules for each electricity management measure and on the bin or degree-day method, as needed; supply equipment power and performance curves, and data needed to determine compliance with standards.
- Insulating a concrete floor. Provide heat balance and calculation based on bin or degree-day method.

Case of a new building

If you are putting up a new building, you may use these two software applications:

- Hydro-Québec's project evaluation software, available from **www.hydroquebec.com/partnering_professionals**
- Natural Resources Canada's EE4 commercial energy analysis software, available from **www.sbc.nrcan.gc.ca/software_and_tools/ee4_e.asp**

5.2 Calculation and measurement plan

To ensure valid electricity measurements, your calculation and measurement plan must be approved by your Hydro-Québec representative.

You must draw up a calculation and measurement plan for determining electricity consumption that describes measurement methods to be used **before** and **after** implementation of the building optimization project.

The calculation and measurement plan must demonstrate to the satisfaction of Hydro-Québec that the chosen monitoring, analysis and calculation methods are appropriate, precise enough and suited to operations.

It is a good idea to have Hydro-Québec check the calculation and measurement plan **before** you start the **"before"** measurements required for the proposal.

The **"before"** calculation and measurement plan must be submitted with the project proposal.

5.2.1. Contents of calculation and measurement plan

A calculation and measurement plan must cover at least the following points.

1. Description of project and project site, including information on how the project will lead to electricity savings (measures and target savings)
2. Description of calculation and measurement methods proposed for the building optimization project

For each measure

- Description of measure
- Methods of determining electricity consumption **before** implementation of the electricity management measure
  - Description of method for estimating variation in needs (by occupancy, outdoor temperature, indoor gains, etc.)
  - Description, if applicable, of measurement methods, including period and interval between data recordings
  - Description of calculation method and any tools used (software, tables, etc.)
  - Description of method used to adjust measurement and/or calculation results in order to obtain annual consumption
  - Description of any measuring instruments used (include data sheets for each instrument)
- Methods of determining electricity consumption **after** implementation of the electricity management measures
  - Description, if applicable, of measurement methods, including period and interval between data recordings
  - Description of calculation method and any tools used (software, tables, etc.)
  - Description of method used to adjust measurement and/or calculation results in order to obtain annual consumption
  - Description of method used to estimate variation in needs (by occupancy, outdoor temperature, indoor gains, etc.)
  - Description of any measuring instruments used (include data sheets for each instrument)

3. Measurement timetable

- Planning of "**before**" and "**after**" measurements for each electricity management measure, including preliminary measurement campaign, to be checked by Hydro-Québec, if measurements must be taken over a long period
- Name of firm or in-house coordinator in charge of measurement and preparing analyses, reports and documentation

5.2.2. Contents of calculation and measurement reports

You must submit two calculation and measurement reports: the first **before** the electricity management measures are implemented, and the second **after** implementation. They must both be signed by an OIQ member.

Depending on the scope of calculations and measurement, each report must contain the following information for each measure:

- Assumptions used
- Description of variables
- Results of measurements, where applicable
- Data used in calculations and references (tables, nameplate information, data sheets, instrument readings, measurement report, needs data, etc.)
- Equations, calculations and consumption figures
- Yearly adjustments to "**before**" and "**after**" consumption, including reasons and references
- Electricity savings

References

Technical energy efficiency literature can be downloaded from **www.hydroquebec.com/majorcustomers/ee.**

Appendix I-A — Standard Energy Analysis Agreement – Building Initiatives Program – Major Customers

ENERGY ANALYSIS AGREEMENT – BUILDING INITIATIVES PROGRAM – MAJOR CUSTOMERS

The English version of this standard agreement is provided for information purposes only. In all cases, the original French version shall prevail.

By and between

Customer Inc., a corporation duly incorporated under the laws of Canada, represented by its group _____, having offices at _____, province of Québec, Canada _____ _____,

hereinafter "the Customer,"

and

Hydro-Québec, a government corporation established by the *Hydro-Québec Act* (R.S.Q., H-5), having its head office at 75, boul. René-Lévesque Ouest, Montréal, province of Québec, Canada H2Z 1A4,

hereinafter "Hydro-Québec."

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SUBJECT OF AGREEMENT

Under the Building Initiatives Program – Major Customers ("the Program"), as described in the amended version dated September 2008, Hydro-Québec agrees to grant financial assistance to the Customer so that it may carry out an energy analysis ("the Analysis") at [*description of site*]. The Analysis project bears the number BA-_____ and is identified by the title _____.

The Analysis is described in Schedule I.

2. HYDRO-QUÉBEC'S UNDERTAKINGS

2.1 Hydro-Québec agrees to grant to the Customer financial assistance of $_____. This financial assistance shall be paid in two (2) installments, as stipulated in subsections 2.2 and 2.3. The financial assistance is granted conditionally and shall be paid provided the Customer fulfills the terms and conditions of the Program, as set out in Schedule II, in their entirety. The financial assistance shall in no case be increased, but may be decreased, depending on the actual costs of the Analysis.

Any failure on the part of the Customer to meet the deadline set for producing the Analysis report may result in the loss of the financial assistance allocated.

2.2 A **first installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Analysis, shall be paid out within forty-five (45) days of the signing of the agreement, upon receipt of an invoice issued by the Customer, as per Section 5.

2.3 A **second installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Analysis, shall be paid once Hydro-Québec has checked and approved the Analysis, associated cost memos and invoices, and plan for implementation of selected electricity management measures identified in the Analysis ("the Implementation Plan"). For each of the selected measures, the Implementation Plan shall indicate the planned date of implementation and the anticipated annual energy savings. Hydro-Québec must receive the Implementation Plan, showing that the Analysis was within budget, within twelve (12) months of the signing of the agreement; otherwise, Hydro-Québec shall be under no obligation to pay out the financial assistance. The amount of the second and final installment may be reduced by Hydro-Québec should the actual costs of the Analysis be lower than estimated. Upon receipt of all the required documents, Hydro-Québec shall confirm the financial assistance and inform the Customer of the amount of the final payment, for which the Customer shall issue an invoice, or of the repayment required, for which Hydro-Québec shall issue an invoice. Payment shall be made by Hydro-Québec or the Customer, as the case may be, within forty-five (45) days of receiving an invoice from the other party as per Section 5.

3. CUSTOMER'S UNDERTAKINGS

3.1 The Customer agrees to complete the Analysis and Implementation Plan and submit copies thereof to Hydro-Québec within twelve (12) months of the signing of the agreement.

3.2 The Customer shall not delegate a third party to represent it in its dealings with Hydro-Québec.

3.3 The Customer shall periodically report to Hydro-Québec on the progress made and shall invite Hydro-Québec to meetings held as part of the Analysis.

3.4 The Customer agrees to inform Hydro-Québec of any recommendations resulting from the Analysis that are implemented, for a period of five (5) years after the signing of the agreement.

3.5 The Customer agrees to report to Hydro-Québec the sources and amounts of any and all financial assistance obtained or applied for with respect to the Analysis and acknowledges that the sum total of these amounts shall at no time exceed the cost of the Analysis.

3.6 The Customer shall assume responsibility for performing the Analysis and shall indemnify and hold harmless Hydro-Québec and its employees from and against any damage, claims or legal proceedings that may arise directly or indirectly from the Analysis.

3.7 The Customer agrees to mention in any media releases, publicity or advertising concerning the Analysis that it has been subsidized by Hydro-Québec. However, at no time shall the Customer suggest or imply that Hydro-Québec recommends any product or process whatsoever.

3.8 The Customer shall allow Hydro-Québec to make copies of the Analysis report for internal purposes and declares that it has the right to grant permission for such use.

3.9 The Customer agrees to abide by all the terms, conditions and requirements of the Program, as set out in Schedule II hereof.

3.10 **Failure to pay.** Hydro-Québec may deduct from any installment of the financial assistance any amount owing to it including any electricity bill, whether overdue or not, or any deposit for a service contract held by the Customer or any company in its group, or withhold any installment if the Customer cannot demonstrate that its financial situation is sufficiently stable to ensure completion of the Analysis.

4. CONFIDENTIALITY

4.1 The Customer agrees that it is necessary to disclose to Hydro-Québec confidential information (whether in writing, verbally or visually)—including, without limiting the generality of the foregoing, data, formulas, processes, models, photographs, plans, drawings, specifications, reports, studies and ideas—and Hydro-Québec undertakes to keep such information confidential. However, confidential information does not include the following:

(i) The Customer's name, the cost of the Analysis, the amounts of financial assistance granted, the recommended electricity management measures , the anticipated energy savings and, if applicable, the savings actually realized after implementation of the Analysis recommendations;

(ii) Any information that was in the public domain at the time it was disclosed;

(iii) Any information that, after being disclosed, entered the public domain through no doing of Hydro-Québec's;

(iv) Any information that Hydro-Québec can prove that it had in its possession before it was disclosed;

(v) Any information disclosed to Hydro-Québec without restriction by a third party legitimately entitled to disclose it.

4.2 Any disclosure to the public or to a third party of the Customer's confidential information shall be the subject of a written agreement. The Customer agrees to authorize the disclosure of confidential information provided that such disclosure does not adversely affect its competitive position.

5. TAX IMPLICATIONS

5.1 Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless the Customer is not doing business as defined within those tax systems. As a result, in order for Hydro-Québec to issue payment under the Program, the Customer shall first issue an invoice indicating the amounts of taxes separately. The invoice shall also include all the information stipulated by tax regulations, including GST and QST registration numbers. It is up to the Customer to determine whether it must charge GST and QST. If a Customer is not in business, it shall so indicate on the invoice issued. Hydro-Québec shall not be liable for any error in collecting taxes.

5.2 For income tax purposes, the financial assistance paid out under the Program is an inducement that should reduce the cost or capital cost of a good, reduce the amount of an expenditure or of an expense or constitute revenue to the Customer, as the case may be. It is up to the Customer to determine the tax status of the financial assistance received from Hydro-Québec. Unless the Customer is exempt from paying tax, Hydro-Québec issues a *Relevé 27 – Paiements du gouvernement* [government payments] information slip, as required by the Québec *Taxation Act*, as a record of financial assistance paid.

6. ASSIGNMENT

This agreement shall not be assigned, sold or transferred, in whole or in part, without the consent of Hydro-Québec.

The Customer agrees to obtain Hydro-Québec's written consent before assigning any receivables that may affect this agreement. If a receivable is assigned without such written consent, Hydro-Québec may terminate the agreement as of the date on which the assignment was made.

7. CANCELLATION

Hydro-Québec may cancel this agreement upon simple written notice if the Customer fails to fulfill any of its undertakings or obligations hereunder, or if the Customer becomes insolvent, declares bankruptcy or disposes of its property.

8. AMENDMENTS

Any amendment to this agreement shall be made in writing and signed by the parties.

9. REPRESENTATIVES OF PARTIES

The persons named below shall represent the parties for the purposes of this agreement.

For Hydro-Québec	For Customer Inc.
_____	_____
Name	Name
_____	_____
Engineer – Technical Services	Title
	_____
Direction – Grandes entreprises	
Hydro-Québec	_____
18e étage	
2, complexe Desjardins, tour Est	_____
C. P. 10000, succ. Desjardins	
Montréal (Québec) H5B 1H7	_____
Telephone: 514 879-4100, ext. _____	Telephone: _____
E-mail: _____	E-mail: _____
Fax: _____	Fax: _____

Should either party replace its representative, it shall notify the other party to this effect in writing.

10. AGREEMENT DOCUMENTS

10.1 Schedules I and II mentioned herein are an integral part of the agreement. The Customer hereby declares that it has read Schedule II, the amended version dated September 2008 of the Building Initiatives Program – Major Customers provided on CD-ROM, and agrees to all its terms, conditions and requirements.

10.2 Hydro-Québec reserves the exclusive right to interpret the terms and conditions of the Program.

11. APPLICABLE LAWS

The parties agree that this agreement shall be governed by the laws applicable in Québec and that any legal proceedings arising herefrom shall be instituted in the judicial district of Montréal.

12. EFFECTIVE DATE AND TERM OF AGREEMENT

This agreement shall come into effect on the last date that the agreement is signed by either of the parties and shall remain in force until the obligations of both parties stipulated in subsection 2.3 have been met.

IN WITNESS WHEREOF, THE PARTIES, HAVING READ AND ACCEPTED THIS AGREEMENT AND THE CLAUSES HEREIN CONTAINED, HAVE THEREFORE DULY SIGNED:

Important note

Under our corporate directive on the Charter of the French Language, *the French version of this Agreement must be signed.*

SCHEDULE I

Description of Energy Analysis

Project No. _____

SCHEDULE II

Program Guide on CD-ROM
(in folder pocket)

Project No. _____

Appendix I-B Continuous Measurement Project Agreement – Building Initiatives Program – Major Customers

CONTINUOUS MEASUREMENT PROJECT AGREEMENT – BUILDING INITIATIVES PROGRAM – MAJOR CUSTOMERS

The English version of this standard agreement is provided for information purposes only. In all cases, the original French version shall prevail.

By and between

Customer Inc., a corporation duly incorporated under the laws of Canada, represented by its group _____, having offices at _____, province of Québec, Canada _____ _____,

hereinafter "the Customer,"

and

Hydro-Québec, a government corporation established by the *Hydro-Québec Act* (R.S.Q., H-5), having its head office at 75, boul. René-Lévesque Ouest, Montréal, province of Québec, Canada H2Z 1A4,

hereinafter "Hydro-Québec."

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SUBJECT OF AGREEMENT

Under the Building Initiatives Program – Major Customers ("the Program"), as described in the amended version dated September 2008, Hydro-Québec agrees to grant financial assistance to the Customer so that it may carry out a continuous measurement project ("the Project") at [description of site]. The Project bears the number _____ and the title _____.

The project and the financial assistance are described in Schedule I.

2. HYDRO-QUÉBEC'S UNDERTAKINGS

2.1 Hydro-Québec agrees to grant to the Customer financial assistance of $_____ to carry out a project costing a total of $_____. This financial assistance shall be paid in two (2) installments, as stipulated in subsections 2.2 and 2.3. The financial assistance is granted conditionally and shall be paid provided that the Customer fulfills the terms and conditions of the Program, as set out in Schedule II, in their entirety.

The financial assistance shall in no case be increased, but may be decreased, depending on the actual costs of the Project.

2.2 A **first installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the purchase orders. If everything is in order, payment shall be made within forty-five (45) days of receipt of all the purchase orders required and an invoice issued by the Customer as per Section 5.

2.3 A **second and final installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the start-up report on the measuring instruments, the continuous measurement at [description of site] over a period of twelve (12) months, scorecards of electrical indicators, minutes of energy committee meetings, the annual report of the energy committee, and copies of invoices and cost memos.

The amount of the second and final installment may be reduced, or repayment of the initial installment may be required by Hydro-Québec, should the actual costs of the Project be lower than estimated. Upon receipt of all the required documents, Hydro-Québec shall confirm the financial assistance and inform the Customer of the amount of the final payment, for which the Customer shall issue an invoice, or of the repayment required, for which Hydro-Québec shall issue an invoice. Payment shall be made by Hydro-Québec or the Customer, as the case may be, within forty-five (45) days of receiving an invoice from the other party as per Section 5.

3. CUSTOMER'S UNDERTAKINGS

3.1 The Customer shall be solely responsible for the results of the Project vis-à-vis Hydro-Québec, although it may subcontract its continuous measurement project in whole or in part to a third party.

3.2 The Customer shall not delegate a third party to represent it in its dealings with Hydro-Québec.

3.3 The Customer agrees to abide by all the terms, conditions and requirements of the Program, as set out in Schedule II hereof, and particularly undertakes to

a) order equipment and provide purchase orders to Hydro-Québec within four (4) months of the signing of the agreement;

b) complete the Project, including continuous measurement for twelve (12) months, within twenty-four (24) months of the signing of the agreement;

c) submit all the documents required by subsections 2.2 and 2.3 within the time limits specified.

3.4 The Customer shall periodically report to Hydro-Québec on the progress of the Project. It shall invite the Hydro-Québec engineer to attend at least one meeting of the energy committee per year, at the engineer's convenience.

3.5 The Customer agrees to inform Hydro-Québec of any recommendations resulting from the continuous measurement project that are implemented, for a period of five (5) years after the signing of the agreement.

3.6 The Customer agrees not to use the money paid out by Hydro-Québec for any purpose except the Project and to repay to Hydro-Québec any amount received and not used for that purpose. The Customer acknowledges that Hydro-Québec shall be entitled to verify how any amount paid as financial assistance was spent.

3.7 The Customer agrees to report to Hydro-Québec the sources and amounts of any and all financial assistance obtained or applied for with respect to the Project and acknowledges that the sum total of these amounts shall at no time exceed the cost of the Project.

3.8 The Customer shall assume responsibility for implementing the Project and shall indemnify and hold harmless Hydro-Québec and its employees from and against any damage, claims or legal proceedings that may arise directly or indirectly from the Project.

3.9 The Customer agrees to mention in any media releases, publicity or advertising concerning the Project that it has been subsidized by Hydro-Québec. However, at no time shall the Customer suggest or imply that Hydro-Québec recommends any product or process whatsoever.

3.10 Hydro-Québec may deduct from any installment of the financial assistance any amount owing to it, including any electricity bill, whether overdue or not, or any deposit for a service contract held by the Customer or any company in its group, or withhold any installment if the Customer cannot demonstrate that its financial situation is sufficiently stable to ensure completion of the Project.

4. CONFIDENTIALITY

4.1 The Customer agrees that it is necessary to disclose to Hydro-Québec confidential information (whether in writing, verbally or visually)—including, without limiting the generality of the foregoing, data, formulas, processes, models, photographs, plans, drawings, specifications, reports, studies and ideas—and Hydro-Québec undertakes to keep such information confidential. However, confidential information does not include the following:

(i) The Customer's name, amounts of financial assistance granted, recommended electricity management measures and associated electricity savings and, if applicable, the savings actually realized after implementation of the measures;

(ii) Any information that was in the public domain at the time it was disclosed;

(iii) Any information that, after being disclosed, entered the public domain through no doing of Hydro-Québec;

(iv) Any information that Hydro-Québec can prove that it had in its possession before it was disclosed;

(v) Any information disclosed to Hydro-Québec without restriction by a third party legitimately entitled to disclose it.

4.2 Any disclosure to the public or to a third party of the Customer's confidential information shall be the subject of a written agreement. The Customer agrees to authorize the disclosure of confidential information provided that such disclosure does not adversely affect its competitive position.

5. TAX IMPLICATIONS

5.1 Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless the Customer is not doing business as defined within those tax systems. As a result, in order for Hydro-Québec to issue payment under the Program, the Customer shall first issue an invoice indicating the amounts of taxes separately. The invoice shall also include all the information stipulated by tax regulations, including GST and QST registration numbers. It is up to the Customer to determine whether it must charge GST and QST. If a Customer is not in business, it shall so indicate on the invoice issued. Hydro-Québec shall not be liable for any error in collecting taxes.

5.2 For income tax purposes, the financial assistance paid out under the Program is an inducement that should reduce the cost or capital cost of a good, reduce the amount of an expenditure or of an expense or constitute revenue to the Customer, as the case may be. It is up to the Customer to determine the tax status of the financial assistance received from Hydro-Québec. Unless the Customer is exempt from paying tax, Hydro-Québec issues a *Relevé 27 – Paiements du gouvernement* [government payments] information slip as required by the Québec *Taxation Act*, as a record of financial assistance paid.

6. ASSIGNMENT

This agreement shall not be assigned, sold or transferred, in whole or in part, without the consent of Hydro-Québec.

The Customer agrees to obtain Hydro-Québec's written consent before assigning any receivables that may affect this agreement. If a receivable is assigned without such written consent, Hydro-Québec may terminate the agreement as of the date on which the assignment was made.

7. CANCELLATION

Hydro-Québec may cancel this agreement upon simple written notice if the Customer fails to fulfill any of its undertakings or obligations hereunder, or if the Customer becomes insolvent, declares bankruptcy or disposes of its property.

8. AMENDMENTS

Any amendment to this agreement shall be made in writing and signed by the parties.

9. REPRESENTATIVES OF PARTIES

The persons named below shall represent the parties for the purposes of this agreement.

For Hydro-Québec	For Customer Inc.
_____	_____
Name	Name
_____	_____
Engineer – Technical Services	Title
	_____
Direction – Grandes entreprises	
Hydro-Québec	_____
18e étage	
2, complexe Desjardins, tour Est	_____
C. P. 10000, succ. Desjardins	
Montréal (Québec) H5B 1H7	_____
Telephone: 514 879-4100, ext. _____	Telephone: _____
E-mail: _____	E-mail: _____
Fax: 514 879-4843	Fax: _____

Should either party replace its representative, it shall notify the other party to this effect in writing.

10. AGREEMENT DOCUMENTS

Schedules I and II mentioned herein are an integral part of the agreement. The Customer hereby declares that it has read Schedule II, of the amended version dated September 2008 of the *Building Initiatives Program – Major Customers* provided on CD-ROM, and agrees to all its terms, conditions and requirements.

Hydro-Québec reserves the exclusive right to interpret the terms and conditions of the Program.

11. APPLICABLE LAWS

The parties agree that this agreement shall be governed by the laws applicable in Québec and that any legal proceedings arising herefrom shall be instituted in the judicial district of Montréal.

12. EFFECTIVE DATE AND TERM OF AGREEMENT

This agreement shall come into effect on the last date that the agreement is signed by either of the parties and shall remain in force until the obligations of both parties stipulated in subsection 2.3 have been met.

> ***Important note***
> *Under our corporate directive on the* Charter of the French Language, *the French version of this Agreement must be signed.*

SCHEDULE I

Description of Project and Financial Assistance

Project No. _____

SCHEDULE II

Program Guide on CD-ROM
(in folder pocket)

Project No. _____

Appendix II Standard Building Optimization Agreement – Building Initiatives Program – Major Customers

BUILDING OPTIMIZATION AGREEMENT – BUILDING INITIATIVES PROGRAM – MAJOR CUSTOMERS

The English version of this standard agreement is provided for information purposes only.
In all cases, the original French version shall prevail.

By and between

Customer Inc., a corporation duly incorporated under the laws of Canada, represented by its group _____, having offices at _____, province of Québec, Canada _____ _____,

hereinafter "the Customer,"

and

Hydro-Québec, a government corporation established by the *Hydro-Québec Act* (R.S.Q., H-5), having its head office at 75, boul. René-Lévesque Ouest, Montréal, province of Québec, Canada H2Z 1A4,

hereinafter "Hydro-Québec."

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SUBJECT OF AGREEMENT

Under the Building Initiatives Program – Major Customers ("the Program"), as described in the amended version dated September 2008, Hydro-Québec agrees to grant financial assistance to the Customer so that it may carry out a building optimization project ("the Project") at [*description of site*]. The Project bears the number BI- _____ and is identified by the title _____ .

The Project and financial assistance are described in Schedule I.

2. HYDRO-QUÉBEC'S UNDERTAKINGS

2.1 Hydro-Québec agrees to grant to the Customer financial assistance not to exceed the amount of $_____, corresponding to a savings of _____ MWh, for a project costing a total of $_____. These amounts are detailed in Schedule I. This financial assistance shall be paid in three (3) installments, as stipulated in subsections 2.2, 2.3 and 2.4. The financial assistance is granted conditionally and shall be paid provided the Customer fulfills the terms and conditions of the Program, as set out in Schedule II, in their entirety.

The financial assistance shall in no case be increased, but may be decreased, depending on the electricity saved or the actual project costs.

Any failure on the part of the Customer to implement electricity management measures or submit documents within the specified time limit may result in the loss of the financial assistance.

2.2 A **first installment**, amounting to twenty-five percent (25%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the purchase orders. If everything is in order, payment shall be made within forty-five (45) days of receipt of all the purchase orders required and an invoice issued by the Customer as per Section 5. To this end, purchase orders shall be issued within four (4) months of the signing of the agreement.

2.3 A **second installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the start-up report, copies of invoices and cost memos, and the updated "after" measurement timetable for the Project. The documents shall be accompanied by a list of Project invoices and internal cost memos compiled in an Excel file and an invoice issued by the Customer, as per Section 5. If everything is in order, Hydro-Québec will issue payment within forty-five (45) days of receiving all the required documents.

2.4 **A third and final installment**, amounting to twenty-five percent (25%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the "after" measurement report and associated invoices and cost memos. These documents shall be submitted along with an updated version of the Excel file provided for in subsection 2.3. Hydro-Québec must receive all this information, showing that the Project is within budget and that the electricity savings objectives have been achieved or exceeded, within eighteen (18) months of the signing of the agreement; otherwise, Hydro-Québec shall be under no obligation to pay out the financial assistance. The amount of the third installment may be reduced or repayment may be required, depending on the actual costs and electricity savings.

Upon receipt of all the required documents, Hydro-Québec shall confirm the financial assistance and inform the Customer of the amount of the final payment, for which the Customer shall issue an invoice, or of the repayment required, for which Hydro-Québec shall issue an invoice.

If everything is in order, payment shall be made by Hydro-Québec or the Customer within forty-five (45) days of receiving an invoice issued by the other party, as per Section 5.

3. CUSTOMER'S UNDERTAKINGS

3.1 The Customer shall be responsible for choosing the electricity management measures and assessing achievement of the electricity savings objectives, and for the electricity savings actually realized.

3.2 The Customer shall be solely responsible for the results of the Project vis-à-vis Hydro-Québec, although it may subcontract its electricity management project in whole or in part to a third party.

3.3 The Customer shall not delegate a third party to represent it in its dealings with Hydro-Québec.

3.4 The Customer agrees to abide by all the terms, conditions and requirements of the Program, as set out in Schedule II hereof.

3.5 The Customer undertakes to

a) order equipment and provide purchase orders to Hydro-Québec within four (4) months of the signing of the agreement;

b) complete the Project, including "**after**" measurements within eighteen (18) months of the signing of the agreement;

c) submit all the documents required by subsections 2.2, 2.3 and 2.4 within the time limits specified.

3.6 The Customer agrees that Hydro-Québec may, at any time during regular business hours, check equipment installation, start-up and measurements taken **before** and **after** implementation of the electricity management measures in order to make sure that the Project is being carried out in accordance with the agreement and the Program.

3.7 The Customer agrees not to use the money paid out by Hydro-Québec for any purpose except the Project and to repay to Hydro-Québec any amount received and not used for that purpose. The Customer acknowledges that Hydro-Québec shall be entitled to verify how any amount paid as financial assistance was spent.

3.8 The Customer agrees that all general vouchers relating to the implementation of the electricity management measures described in Schedule I shall be made available to an auditor appointed by Hydro-Québec, during regular business hours, on at least twenty-four (24) hours' notice, for up to two (2) years from the end of this agreement.

3.9 The Customer agrees to report to Hydro-Québec the sources and amounts of any and all financial assistance obtained or applied for with respect to the Project. The Customer must assume at least twenty-five percent (25%) of the eligible costs of the Project, taking into account all financial assistance from other sources.

3.10 The Customer shall assume responsibility for implementing the Project and shall indemnify and hold harmless Hydro-Québec and its employees from and against any damage, claims or legal proceedings that may arise directly or indirectly from the Project.

3.11 The Customer agrees to mention in any media releases, publicity or advertising concerning the Project that it has been subsidized by Hydro-Québec. However, at no time shall the Customer suggest or imply that Hydro-Québec recommends any product or process whatsoever.

3.12 **Failure to pay.** Hydro-Québec may deduct from any installment of the financial assistance any amount owing to Hydro-Québec, including any electricity bill, whether overdue or not, or any deposit for a service contract held by the Customer or any company in its group, or withhold any installment if the Customer cannot demonstrate that its financial situation is sufficiently stable to ensure completion of the Project.

4. CONFIDENTIALITY

4.1 The Customer agrees that it is necessary to disclose to Hydro-Québec confidential information (whether in writing, verbally or visually)—including, without limiting the generality of the foregoing, data, formulas, processes, models, photographs, plans, drawings, specifications, reports, studies and ideas—and Hydro-Québec undertakes to keep such information confidential. However, confidential information does not include the following:

(i) The Customer's name, the Project cost, the amounts of financial assistance granted, the electricity management measures and their field of application, described in general terms, and the electricity savings actually realized;

(ii) Any information that was in the public domain at the time it was disclosed;

(iii) Any information that, after being disclosed, entered the public domain through no doing of Hydro-Québec's;

(iv) Any information that Hydro-Québec can prove that it had in its possession before it was disclosed;

(v) Any information disclosed to Hydro-Québec without restriction by a third party legitimately entitled to disclose it.

4.2 Any disclosure to the public or to a third party of the Customer's confidential information shall be the subject of a written agreement. The Customer agrees to authorize the disclosure of confidential information provided that such disclosure does not adversely affect its competitive position.

5. TAX IMPLICATIONS

5.1 Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless the Customer is not doing business as defined within those tax systems. As a result, in order for Hydro-Québec to issue payment under the Program, the Customer shall first issue an invoice indicating the amounts of taxes separately. The invoice shall also include all the information stipulated by tax regulations, including GST and QST registration numbers. It is up to the Customer to determine whether it must charge GST and QST. If a Customer is not in business, it shall so indicate on the invoice issued. Hydro-Québec shall not be liable for any error in collecting taxes.

5.2 For income tax purposes, the financial assistance paid out under the Program is an inducement that should reduce the cost or capital cost of a good, reduce the amount of an expenditure or of an expense or constitute revenue to the Customer, as the case may be. It is up to the Customer to determine the tax status of the financial assistance received from Hydro-Québec. Unless the Customer is exempt from paying tax, Hydro-Québec issues a *Relevé 27 – Paiements du gouvernement* [government payments] information slip as required by the Québec *Taxation Act*, as a record of financial assistance paid.

6. ASSIGNMENT

This agreement shall not be assigned, sold or transferred, in whole or in part, without the written consent of Hydro-Québec.

The Customer agrees to obtain Hydro-Québec's written consent before assigning any receivables that may affect this agreement. If a receivable is assigned without such written consent, Hydro-Québec may terminate the agreement as of the date on which the assignment was made.

7. CANCELLATION

Hydro-Québec may cancel this agreement if the Customer fails to fulfill any of its undertakings or obligations hereunder, or if the Customer becomes insolvent, declares bankruptcy or disposes of its property.

8. AMENDMENTS

Any amendment to this agreement shall be made in writing and signed by the parties.

9. REPRESENTATIVES OF PARTIES

The persons named below shall represent the parties for the purposes of this agreement.

For Hydro-Québec	For Customer Inc.
_____	_____
Name	Name
_____	_____
Engineer – Technical Services	Title
	_____
Direction – Grandes entreprises Hydro-Québec 18e étage 2, complexe Desjardins, tour Est C. P. 10000, succ. Desjardins Montréal (Québec) H5B 1H7	_____ _____ _____
Telephone: 514 879-4100, ext. _____	Telephone: _____
E-mail: _____	E-mail: _____
Fax: _____	Fax: _____

Should either party replace its representative, it shall notify the other party to this effect in writing.

10. AGREEMENT DOCUMENTS

10.1 Schedules I and II mentioned herein are an integral part of the agreement. The Customer hereby declares that it has read Schedule II of the amended version dated September 2008 of the Building Initiatives Program – Major Customers provided on CD-ROM, and agrees to all its terms, conditions and requirements.

10.2 Hydro-Québec reserves the exclusive right to interpret the terms and conditions of the Program.

11. APPLICABLE LAWS

The parties agree that this agreement shall be governed by the laws applicable in Québec and that any legal proceedings arising herefrom shall be instituted in the judicial district of Montréal.

12. EFFECTIVE DATE AND TERM OF AGREEMENT

This agreement shall come into effect on the last date that the agreement is signed by either of the parties and shall be in force until the obligations of both parties stipulated in subsection 2.4 have been met.

IN WITNESS WHEREOF, THE PARTIES, HAVING READ AND ACCEPTED THIS AGREEMENT AND THE CLAUSES HEREIN CONTAINED, HAVE THEREFORE DULY SIGNED:

Important note
Under our corporate directive on the Charter of the French Language, *the French version of this Agreement must be signed.*

SCHEDULE I

Description of Project and Financial Assistance

Agreement Template

SCHEDULE II

Program Guide on CD-ROM
(in folder pocket)

Project No. _____

Appendix III Cost Breakdown
Differential Cost Breakdown

Cost Breakdown

Customer's name: _____
HQ file no.: _____
Date received: _____

Customer's project no.: _____
Customer's account no.: _____

Supplier	Description of goods or services purchased	Detailed cost estimate (C$)			Actual project costs						Difference between invoice and purchase order[3]	
					Purchase orders			Invoices and/or cost memos[2]				
		Proposal	Preliminary acceptance	Contract	No.	Date	C$[1] (a)	No.	Date	C$[1] (b)	C$ (b) - (a)	Explanation
A. Equipment purchases												
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
11.												
12.												
13.												
14.												
	Total				Total			Total				
B. Measuring instrument purchases												
1.												
2.												
3.												
	Total				Total			Total				
C. "Before" and "after" measurement costs												
1.												
2.												
3.												
	Total				Total			Total				
D. In-house labor costs, by trade[4]												
1.												
2.												
3.												
	Total				Total			Total				
E. Outside engineering costs												
1.												
2.												
3.												
	Total				Total			Total				
F. Installation and start-up contracts												
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
	Total				Total			Total				
TOTAL COSTS												

(1) If costs are entered in foreign currency, indicate on a separate sheet the value in Canadian dollars and the exchange rate used.
(2) Enter each invoice submitted.
(3) Difference between actual invoice and purchase order.
(4) In Proposal column, give detail by trade. At the time of the second and third installments, real costs must be accompanied by an in-house labor cost progress report generated by your accounting system. The report should specify the number of hours and hourly rate per employee, and the total cost per trade.

An electronic version of this table (in French) is available at **www.hydroquebec.com/majorcustomers/ee**

Differential Cost Breakdown

Customer's name: _____
HQ file no.: _____
Date received: _____

Customer's project no.: _____
Customer's account no.: _____

Supplier	Description of goods or services purchased	Detailed cost estimates (C$)			Actual project costs						Cost of benchmark equipment	Eligible costs[3]	
					Purchase orders			Invoices and/or cost memos[2]					
		Proposal	Preliminary acceptance	Contract	No.	Date	C$[1]	No.	Date	C$[1] (a)	C$ (b)	C$ (b) - (a)	Explanation
A. Equipment purchases													
1.													
2.													
3.													
4.													
5.													
6.													
7.													
8.													
9.													
10.													
11.													
12.													
13.													
14.													
	Total				Total			Total					
B. Measuring instrument purchases													
1.													
2.													
3.													
	Total				Total			Total					
C. "Before" and "after" measurement costs													
1.													
2.													
3.													
	Total				Total			Total					
D. In-house labor costs, by trade[4]													
1.													
2.													
3.													
	Total				Total			Total					
E. Outside engineering costs													
1.													
2.													
3.													
	Total				Total			Total					
F. Installation and start-up contracts													
1.													
2.													
3.													
4.													
5.													
6.													
7.													
8.													
9.													
10.													
	Total				Total			Total					
TOTAL COSTS													

(1) If costs are entered in foreign currency, indicate on a separate sheet the value in Canadian dollars and the exchange rate used.
(2) Enter each invoice submitted.
(3) Eligible cost is difference between actual invoice and cost of benchmark equipment.
(4) In Proposal column, give detail by trade. At the time of the second and third installments, real costs must be accompanied by an in-house labor cost progress report generated by your accounting system. The report should specify the number of hours and hourly rate per employee, and the total cost per trade.

An electronic version of this table (in French) is available at **www.hydroquebec.com/majorcustomers/ee**

Appendix IV Electricity Management Measures Implementation Plan

Electricity Management Measures Implementation Plan

Customer's name: _____
Service contract no.: _____
HQ analysis no.: _____ Customer's project coordinator: _____

An electronic version of this table (in French) is available at
www.hydroquebec.com/majorcustomers/ee

Summary of results																		Action plan and follow-up	
Building area	Electricity mgmt. measure no. (1)	Description	Current consumption/ Measure analyzed			Potential savings			Investment		Potential fin. asst. (if applicable)		Payback period (5)		Rec. (6)	Comments		Action (6)	Year planned
			Unit	Quantity	kWh/ year (2)	kWh/year	$/year	kWh/prod. unit (3)	Without grant ($)	With grant ($)	($)	Source (4)	Without grant (years)	With grant (years)					

ENERGY WISE Building Initiatives Program – Major Customers
Energy Analysis Proposal Form

Important note: In compliance with Hydro-Québec's directive on the application of the *Charter of the French Language*, all written communications with legal entities having a place of business in Québec are in French only.

Customers wishing to submit a proposal under the ENERGY WISE Building Initiatives Program – Major Customers, Energy Analysis component, must therefore complete the energy analysis proposal form [*Formulaire de proposition – Volet analyse énergétique*] in French. A translation of the contents of this form is provided below for information purposes only.

If you are using the electronic version of the form, available from **www.hydroquebec.com/majorcustomers/ee**, each response field will expand to accommodate your answer. If you are filling out the hard copy (or printed version), you may attach separate sheets for responses that do not fit in the spaces provided.

1. Applicant identification

Applicant's name | Title

Telephone | Fax | E-mail

Company name

Address | Municipality | Postal code

Applicant's signature | **Date**

The applicant must have company signing authority.

2. Project site

HQ account no. | **Building name**

Address of building targeted by analysis *(if different from above)* | Municipality | Postal code

Name of analysis manager *(if not applicant)* | Telephone | Fax | E-mail

Analysis manager's address *(if different from site)* | Municipality | Postal code

3. Building use

4. Description of energy analysis

Analysis title

Brief description of planned energy analysis

5. Summary of energy analysis timetable

What are the planned project dates (assuming about four weeks for Hydro-Québec to review proposal)?

Start of analysis

Submission of final energy analysis report

6. Summary of analysis costs

Taxes not refunded by the governments may be included in these costs.

Costs of analysis		**Costs (C$)**
Costs of outside experts	**A =**	
Costs of in-house experts	**B =**	
	Total costs of analysis C = (A + B) =	

Calculation of financial assistance requested: Lower of following amounts

50% of eligible analysis costs	**D = (C x 50%) =**	
Maximum of $25,000 per analysis	**D =**	$25,000
	Lower of above amounts	**E = (Lower D)**

Financial assistance from other sources (Identify sources and amounts.)

Total contributions from other sources	**F =**

Customer's contribution

Customer's contribution to analysis (may not be less than zero)	**C - E - F =**

Courtesy translation, for reference only

2008G859A.05M

ENERGY WISE Building Initiatives Program – Major Customers
Continuous Measurement Project Proposal Form

Important note: In compliance with Hydro-Québec's directive on the application of the *Charter of the French Language*, all written communications with legal entities having a place of business in Québec are in French only.

Customers wishing to submit a proposal under the ENERGY WISE Building Initiatives Program – Major Customers, Continuous Measurement Project component, must therefore complete the continuous measurement project proposal form [*Formulaire de proposition pour un projet de mesurage en continu*] in French. A translation of the contents of this form is provided below for information purposes only.

If you are using the electronic version of the form, available from **www.hydroquebec.com/majorcustomers/ee**, each response field will expand to accommodate your answer. If you are filling out the hard copy (or printed version), you may attach separate sheets for responses that do not fit in the spaces provided.

1. Applicant identification

Applicant's name | Title

Telephone | Fax | E-mail

Company name

Address | Municipality | Postal code

Applicant's signature | **Date**

The applicant must have company signing authority.

2. Project site

HQ account no. | **Building name**

Address of building covered by project *(if different from above)* | Municipality | Postal code

Name of project manager *(if not applicant)* | Telephone | Fax | E-mail

Project manager's address *(if different from site)* | Municipality | Postal code

3. Building use

4. Description of continuous measurement project

Project title

Brief description of planned project

5. Summary of continuous measurement project timetable

What are the planned project dates (assuming about four weeks for Hydro-Québec to review proposal)?

Submission of copies of purchase orders | Measuring instrument start-up

6. Summary of continuous measurement project costs

Taxes not refunded by the governments may be included in these costs.

Costs of project		**Costs (C$)**
Measuring instrument purchase costs	**A =**	
Costs of outside experts	**B =**	
Costs of in-house experts	**C =**	
	Total costs of analysis D = (A + B + C) =	

Calculation of financial assistance requested: Lower of following amounts

50% of eligible project costs	**E = (D x 50%) =**	
Maximum of $75,000 per project	**E =**	$75,000
	Lower of above amounts	**F = (Lower E)**

Financial assistance from other sources (Identify sources and amounts.)

Total contributions from other sources	**G =**

Customer's contribution

Customer's contribution to project (may not be less than zero)	**D - F - G =**

7. Document checklist

The following documents **must** be submitted with this proposal.

- Breakdown of eligible continuous measurement project costs [*Grille détaillée des coûts*]; the French Excel file required, along with a courtesy translation, can be downloaded from **www.hydroquebec.com/majorcustomers/ee**.
- Report on current electricity use, showing whether use was estimated or measured and describing measuring instruments already in place
- Description of measurement points that will cover electricity use of entire building
- Description of measuring instruments
- Description of electrical indicators
- Model scorecard for monitoring electrical indicators
- Project timetable
- List of energy committee members
- Planned dates of energy committee meetings, if known

For reference only

2008G914A,05M

ENERGY WISE Building Initiatives Program – Major Customers
Optimization Project Proposal Form

Important note: In compliance with Hydro-Québec's directive on the application of the *Charter of the French Language*, all written communications with legal entities having a place of business in Québec are in French only.

Customers wishing to submit a proposal under the ENERGY WISE Building Initiatives Program – Major Customers, Building Optimization component, must therefore complete the optimization project proposal form [*Formulaire de proposition – Volet optimisation énergétique des bâtiments*] in French. A translation of the contents of this form is provided below for information purposes only.

If you are using the electronic version of the form, available from **www.hydroquebec.com/majorcustomers/ee**, each response field will expand to accommodate your answer. If you are filling out the hard copy (or printed version), you may attach separate sheets for responses that do not fit in the spaces provided.

1. Applicant identification

Applicant's name — Title

Telephone — Fax — E-mail

Company name

Address — Municipality — Postal code

Applicant's signature — **Date**

The applicant must have company signing authority.

2. Project site

HQ account no. — **Building name**

Address of project building *(if different from above)* — Municipality — Postal code

Name of project manager *(if not applicant)* — Telephone — Fax — E-mail

Project manager's address *(if different from site)* — Municipality — Postal code

3. Building use

4. Description of optimization project

Project title

Brief description of project

5. Summary of optimization project timetable

What are the planned project dates (assuming about six weeks for Hydro-Québec to review proposal)?

Submission of copies of purchase orders — Start-up — Submission of "after" measurement report

6. Description of electricity-saving measures

Planned electricity-saving measures

7. Summary of methods for measuring electricity consumption before and after implementation of electricity-saving measures

7.1 "Before" measurements (Explain methods briefly. See *ENERGY WISE Building Initiatives Program – Major Customers Participant's Guide.*)

7.2 "After" measurements (Explain methods briefly. See *ENERGY WISE Building Initiatives Program – Major Customers Participant's Guide.*)

A measurement plan must be submitted (See Section 10, Document checklist.)

8. Summary of electricity savings

A summary of required Excel spreadsheet data (see Section 10) must be given in the table below.

Summary of "before" electricity consumption	
Electricity consumption calculated or measured before (MWh/year) (1)	

Summary of "after" electricity consumption	
Electricity consumption calculated after (MWh/year) (2)	

Summary of electricity savings	
Electricity savings (MWh/year) (3) = (1) – (2)	

Consultation for reference only

9. Summary of project costs

A summary of required Excel spreadsheet data (See Section 10) must be given in table below.
Taxes not refunded by the governments may be included in these costs.

Project costs		**Costs (C$)**
Equipment purchase costs	**A =**	
Measuring instrument purchase costs	**B =**	
"Before" and "after" measurement costs	**C =**	
In-house labor costs	**D =**	
Outside engineering costs	**E =**	
Costs of installation and start-up contracts	**F =**	
Costs of motors not built into the machinery *(cost differential between premium efficiency motors and motors that meet the efficiency standards of the* Energy Efficiency Regulations, *November 1997)*	**G =**	
Total project costs	**H = (A + B + C + D + E + F + G) =**	

Total electricity savings (MWh/year) **I =**

Cost of electricity ($/MWh)[1] **J =**

1. The cost of electricity is the mean annual cost calculated using Rate L and the customer's bill for the previous year.

Value of electricity savings ($) **K = I x J =**

Payback period (years), based solely on electricity savings **H / K =**

Calculation of financial assistance requested: Lowest of following amounts

Reducing payback period to 3 years	**L = (H - 3 x K) =**	
Maximum of 75% of eligible project costs	**L = (H x 75%) =**	
Maximum of $150/MWh (15¢/kWh) saved over a full year	**L = (I x $150) =**	
Maximum of $350,000 per project	**L =**	$350,000
	Lowest of above amounts	**M = (Lowest L)**

Financial assistance from other sources (Identify sources and amounts.)

Total contributions from other sources **N =**

Customer's contribution

Customer's contribution to project **O = (H - M - N) = $**

Customer's contribution as percentage (minimum 25% of total project costs) **P = O / H = %**

10. Document checklist

The following documents **must** be submitted with this proposal.

- **Detailed list of eligible project costs**

Breakdown of eligible costs, **recorded in the Excel file** *Grille détaillée des coûts*, available from **www.hydroquebec.qc.ca/majorcustomers/ee** (see courtesy translation, Cost Breakdown, in Appendix III of *ENERGY WISE Building Initiatives Program – Major Customers Participant's Guide*) configured as follows:

1. **Description and purchase costs of equipment**
2. **Description and purchase costs of measuring instruments**
3. **Description and costs of "before" measurements, if data not available from existing equipment**
4. **Description and costs of "after" measurements**
5. **Description and costs of outside engineering**
6. **Description and costs of installation and startup contracts**
7. **Costs of premium efficiency motors not built into machinery**
   - Description and costs of premium efficiency motors (acquired, subtracted from cost of motors that meet the efficiency standards of the Energy Efficiency Regulations, November 1997)
8. **In-house labor costs by teade**

- **Measurement data already available, along with assumptions, as necessary**
- **Plan for measuring "before" and "after" electricity consumption**
- **Technical specifications of equipment**

Courtesy translation, for reference only

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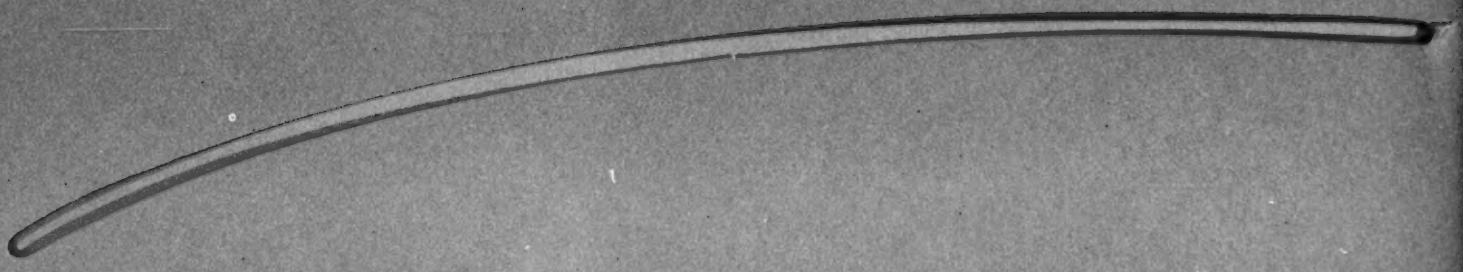

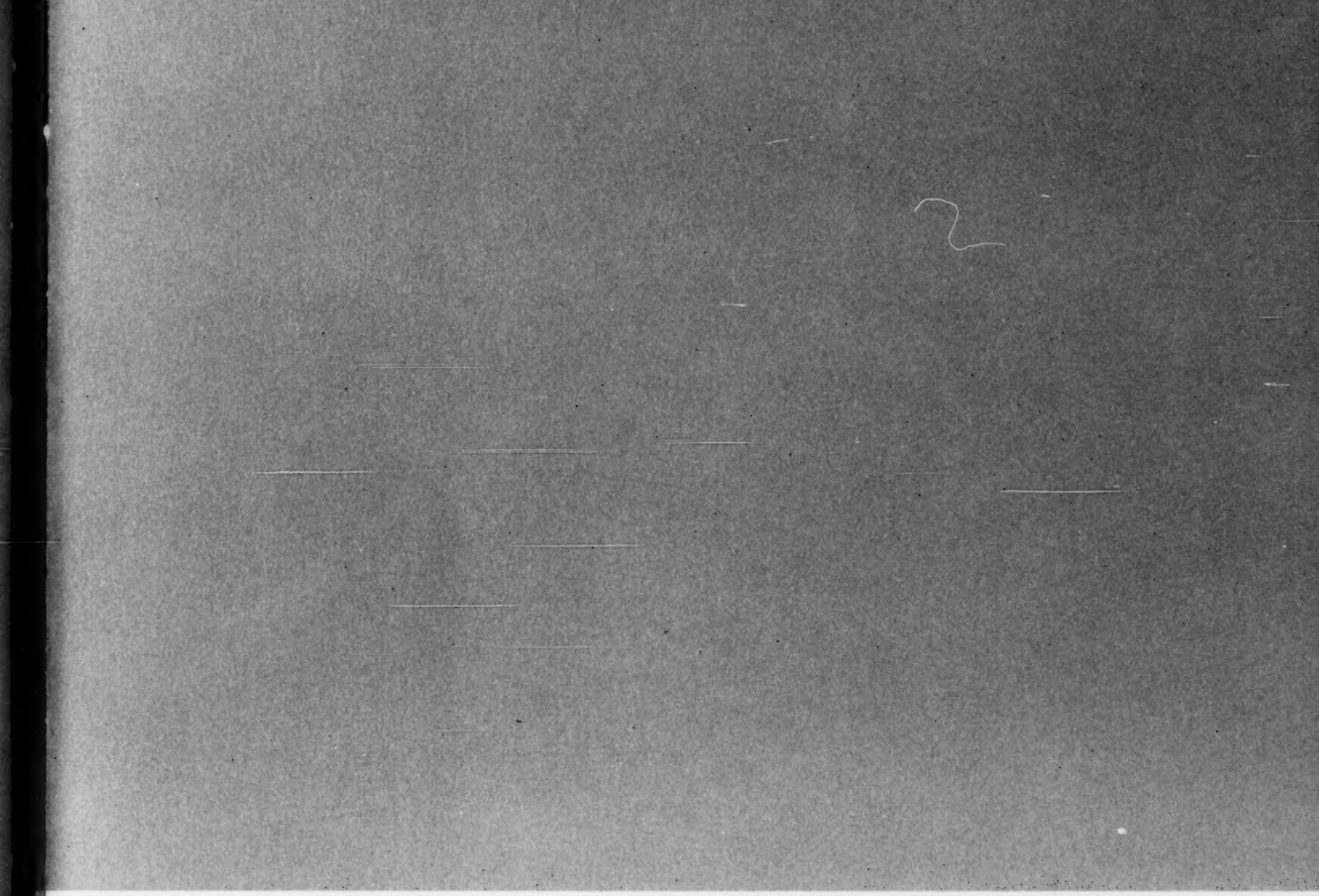

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